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United Nations

Report of the International Civil Service Commission for the year 1998

General Assembly

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Fifty-third Session
Supplement No. 30 (A/53/30)

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Note

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Abbreviations

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACC	Administrative Committee on Coordination
ACPAQ	Advisory Committee on Post Adjustment Questions
CCAQ	Consultative Committee on Administrative Questions
CCISUA	Coordinating Committee for International Staff Unions and Associations of the United Nations System
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
IAEA	International Atomic Energy Agency
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMO	International Maritime Organization
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNJSPB	United Nations Joint Staff Pension Board
UNJSPF	United Nations Joint Staff Pension Fund
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization
WTO	World Trade Organization

Glossary of technical terms

Base/floor salary scale	For the Professional and higher categories of staff, a universally applicable salary scale is used in conjunction with the post adjustment system. The minimum net amounts received by staff members around the world equal those shown in this scale.
Best practice	An innovative policy, strategy, programme, process or practice that has a demonstrated positive impact upon a company's or organization's performance, is currently being used by at least one major employer and is relevant and applicable to others.
Broad banding	(Also called pay banding.) Reduction of the overall number of grade levels within wider pay ranges (bands).
Ceiling on the education grant	Under normal circumstances, the maximum education grant (ceiling) equals 75 per cent of maximum admissible expenditures. The ceiling on the education grant for disabled children equals 100 per cent of the maximum admissible expenditures.
Common classification of occupational groups (CCOG)	A set of definitions for individual occupations covering jobs typically found in the common system, and a schema for coding each occupation.
Comparator	Salaries and other conditions of employment of staff in the Professional and higher categories are determined in accordance with the Noblemaire principle by reference to those applicable in the civil service of the country with the highest pay levels. The United States federal civil service has been used as the comparator since the inception of the United Nations (for further details, see also "Highest paid civil service" and "Noblemaire principle").
Daily Subsistence Allowance	An allowance payable by the United Nations organizations to cover hotel accommodations, meals and some general expenses for staff members on official duty travel.
Dependency rate salaries	Net salaries determined for staff with a primary dependant.
Education Grant	An education grant is available to internationally recruited staff members serving outside their home country to cover a part of the cost of educating children in full-time attendance at an educational institution.
Federal Employees' Pay Comparability Act (FEPCA)	The Federal Employees' Pay Comparability Act (1990), passed by the United States Congress, whereby the pay of federal civil service employees would be brought to within 5 per cent of non-federal-sector comparator pay over a period of time.
Final average remuneration	Context: United Nations Joint Staff Pension Fund. The average of the highest 36 months of pensionable remuneration during the last five years of a participant's contributory service.
Flemming principle	The basis used for the determination of conditions of service of the General Service and other locally recruited categories of staff. Under the application of the Flemming principle, General Service conditions of employment are based on best prevailing local conditions.
General Schedule	A 15-grade salary scale in the comparator civil service, covering the large majority of staff members.

Grossing-up procedure	The method used to determine gross salaries from net salaries.
Group I duty stations	Context: post adjustment system. Group I duty stations are locations in the Western European countries, the United States, Canada, Japan, Hong Kong, the Republic of Korea, Australia and French Guiana. All other duty stations are in group II.
Headquarters locations	Headquarters of the organizations participating in the United Nations common system are: Geneva, London, Montreal, New York, Paris, Rome and Vienna. While the Universal Postal Union is headquartered at Berne (Switzerland), post adjustment and General Service salaries at Geneva are used for Berne.
Highest paid civil service	Under the application of the Noblemaire principle, salaries of United Nations staff in the Professional and higher categories are based on those applicable in the civil service of the country with the highest pay levels, currently the United States (for further details, see also "Comparator" and "Noblemaire principle").
Language allowance	For staff in the General Service and related categories, a pensionable allowance established at a flat rate for a proven proficiency in an official language other than the one in which they are required to be proficient at the time of their appointment. A second language allowance, also pensionable, is payable at half of the flat rate under the same conditions.
Language incentive	For staff in the Professional and higher categories. Measure designed to promote linguistic balance in an organization; takes the form of an accelerated within-grade increment.
Language factor	Adjustment made to the local salary scale for the General Service staff at a given headquarters location to account for the fact that the local language is not a working language of the United Nations organization(s) and staff are required to work in a language other than the local language.
Local-currency amount	The term is used in the context of dependency allowances (children's and secondary dependant's allowance) for the Professional and higher categories. Until 1989, the amounts of those allowances were fixed in United States dollars. In view of currency fluctuations, in particular at the hard-currency duty stations, the value of those allowances in local-currency terms fluctuated significantly. Since 1989, the amounts have been fixed in United States dollars and in a selected group of hard currencies. Staff at Geneva, for example, are entitled to receive their dependency allowances in Swiss francs without experiencing a change in the value of the allowance owing to currency fluctuations.
Lump-sum option	Context: Travel. Staff entitled to home leave are given the option to either a lump-sum amount to be used for home leave travel, based on a percentage of regular airfare or to be provided with airline tickets purchased by the organization. The former would eliminate the organization's responsibility for travel arrangements and a number of related entitlements, while in the latter case normal travel entitlements would apply.

Maximum admissible expenditures	Under the provisions of the education grant, expenses incurred by staff members on fees, boarding costs, books, etc., are added to arrive at the total of education-related expenses. A limit (maximum) is placed on the total of admissible education-related expenditures.
Mission Subsistence Allowance	A daily allowance payable by the United Nations for living expenses incurred by staff members in the field in connection with their temporary assignment or appointment to a special mission.
Mobility and hardship allowance	A non-pensionable allowance designed to encourage mobility between duty stations and to compensate for service at difficult locations.
Net remuneration margin	The Commission regularly carries out comparisons of the net remuneration of the United Nations staff in grades P-1 to D-2 in New York with that of the United States federal civil service employees in comparable positions in Washington, D.C. The average percentage difference in the remuneration of the two civil services, adjusted for the cost-of-living differential between New York and Washington, is the net remuneration "margin".
Noblemaire principle	The basis used for the determination of conditions of service of staff in the Professional and higher categories. Under the application of the principle, salaries of the Professional category are determined by reference to those applicable in the civil service of the country with the highest pay levels (for further details, see also "Comparator" and "Highest paid civil service").
Performance management	The process of optimizing performance at the level of the individual, team, unit, department and agency. In its broadest sense, effective performance management is dependent on the effective and successful management of policies and programmes, planning and budgetary processes, decision-making processes, organizational structure, work organization and labour-management relations and human resources.
Place-to-place survey	Survey to compare living costs between a given location and the base city, at a specified date.
Post adjustment classification	Post adjustment classification is based on the cost of living as reflected in the respective post adjustment index for each duty station. The classification is expressed in terms of multiplier points. Staff members at a duty station classified at multiplier 5 would receive a post adjustment amount equivalent to 5 per cent of net base salary as a supplement to base pay. The pay index at this duty station would be 100 + 5 or 105.
Post adjustment index	Measurement of the living costs of international staff members in the Professional and higher categories posted at a given location, compared with such costs in New York at a specific date.
Post adjustment multiplier	The difference between the index number corresponding to a given class or fraction of a class, and class 0 (index 100). For instance, class 0 has multiplier 0, class 1, which starts at index 105, has multiplier 5, class 2, starting at index 110, has multiplier 10, etc. It is this figure multiplied by the post adjustment amount for a given grade and step that determines the actual dollar post adjustment payment for the duty station concerned.

Seventy-fifth percentile	Context: salary data used for comparisons. Under this method, salaries are ranked in the order of magnitude. A salary figure which is higher than 75 per cent of the salaries and lower than 25 per cent of the salaries is used for comparison purposes.
Staff assessment	Salaries of United Nations staff from all categories are expressed in gross and net terms, the difference between the two being the staff assessment. Staff assessment is an internal United Nations form of "taxation" and is analogous to taxes on salaries applicable in most countries.
Supplementary payments	A practice of some Member States to supplement the salaries of some or all of their nationals in the service of the United Nations common system.
Tax abatement	In the context of dependency allowances, tax credit or relief provided to taxpayers who are responsible for the financial support of dependants such as spouse, children, parents, etc. in the tax systems of a number of countries.
Tax Equalization Fund	A fund maintained by, for example, the United Nations, that is used for reimbursing national taxes levied on United Nations income for some staff members.
Tier II standard	Job classification standard developed for a specific field of work to complement the Master Standard for the classification of Professional and higher category posts.

Letter of transmittal

28 August 1998

Sir,

I have the honour to transmit herewith the twenty-fourth annual report of the International Civil Service Commission, prepared in accordance with article 17 of its statute.

I should be grateful if you would submit this report to the General Assembly and, as provided in article 17 of the statute, also transmit it to the governing organs of the other organizations participating in the work of the Commission, through their executive heads, and to staff representatives.

I avail myself of this opportunity to renew to you, Sir, the assurances of my highest consideration.

(Signed) M. **Bel Hadj Amor**
Chairman

His Excellency Mr. Kofi **Annan**
Secretary-General of the United Nations
New York

Summary of recommendations that call for decisions by the General Assembly and the legislative organs of the other participating organizations

Paragraph reference

A. Remuneration of the Professional and higher categories

1. Base/floor salary scale

92 The Commission decided to recommend to the General Assembly that the current base/floor salary scale for the Professional and higher categories of staff be increased by 2.48 per cent through consolidation of post adjustment, with effect from 1 March 1999. The proposed base/floor salary scale may be found in annex IV.

2. Staff assessment scale to be used in conjunction with base/floor salaries

92 The Commission decided to recommend to the General Assembly that the revised staff assessment scale shown in annex V be used from 1 March 1999 in conjunction with the base/floor salary scale shown in annex IV.

3. Dependency allowances

121 (a) & (b) • The current level of children's allowance (including that for disabled children) and secondary dependant's allowance should be increased, effective 1 January 1999 to reflect the 14.6 per cent increase in the value of tax abatement and payments under social legislation at the seven headquarters duty stations;

121 (c) • The present local currency entitlement system for hard currency duty stations should be maintained (see annex VI);

121 (d) • The amount of dependency allowances should be reduced by the amount of any direct payments received from a government in respect of dependants.

B. Conditions of services applicable to both categories

1. Education grant

187 (a) & (b) • In areas where education related expenses were incurred in the seven currencies shown under paragraph 187 (a), the maximum admissible levels for expenses covered under the education grant system and the maximum education grant should be adjusted as shown in Table 1 of annex X. For the remaining currency areas, the above-mentioned elements should remain unchanged;

187 (c) • In instances where boarding was not provided by the educational institution, or a boarding institution certified by the school, the flat rates for boarding costs, to be taken into account within the maximum admissible educational expenses, should be revised as shown under column 2, Table 2 of annex X. The amounts of additional reimbursement for boarding costs,

over and above the maximum education grant payable to staff members at designated duty stations should be revised as shown under column 3, Table 2 of annex X;

187 (d) • The amount of the special education grant for each disabled child should be equal to 100 per cent of the revised amounts of maximum allowable expenses for the regular education grant;

187 (e) • All of the above measures would be applicable as from the school year in progress on 1 January 1999.

2. Recognition of language knowledge in the United Nations system

204 • The Commission decided to recommend to the General Assembly that the language incentive scheme for the Professional and higher category staff, in organizations which offered it, should be discontinued as currently applied and replaced by a non-pensionable bonus;

205 (a) & (b) • The Commission decided to recommend to the General Assembly and the governing/legislative bodies of other organizations of the common system that had determined the need to reward staff for encouraging them to speak more than one language:

- to pay the language allowance for the General Service and related categories of staff in the form of a non-pensionable bonus, bearing in mind the ICSC's recommendation to the General Assembly in paragraph 187 and on the understanding that the mechanisms for both categories of staff would be aligned;
- to ensure that, in the case of both categories of staff, the bonus was paid only if the language was used in the organization and that at the time of the periodic performance appraisal, organizations should re-test or certify as to the actual use by staff of the language(s) in the organization.

Summary of financial implications of the Commission's recommendation to the General Assembly

(For all sources of funds)

Paragraph reference

A. Remuneration of the Professional and higher categories

1. Base/floor salary scale

92 The financial implications associated with the Commission's recommendation regarding the revised base/floor salary scale for the Professional and higher categories of staff in annex IV were estimated at $1,987,942 per annum, systemwide. As the revised scale was proposed to be implemented effective 1 March 1999 the corresponding financial implications for the 10 months in 1999 were estimated at $1,656,618. A breakdown by elements may be found under paragraph 91 of the present report.

2. Dependency allowances

121 The financial implications associated with the Commission's recommendations regarding the children's and secondary dependant's allowances were estimated at $3,404,000 per annum, systemwide.

B. Conditions of services applicable to both categories

1. Education grant

187 The systemwide annual financial implications associated with the Commission's recommendations regarding the education grant system were estimated at $660,000 and $515,000 (a total of $1,175,000) for the maximum admissible expenditures and increases in boarding costs, respectively.

2. Hazard pay

233 The financial implications associated with the Commission's decision to set the amount of hazard pay for internationally recruited staff at $1,000 per month were estimated at $755,000 per annum, systemwide. As the revised amounts went into effect from 1 June 1998, the financial implications for the seven months of 1998 were estimated at $440,500.

Chapter I

Organizational matters

A. Acceptance of the statute

1. Article 1 of the statute of the International Civil Service Commission (ICSC), approved by the General Assembly in its resolution 3357 (XXIX) of 18 December 1974, provides that:

> "The Commission shall perform its functions in respect of the United Nations and of those specialized agencies and other international organizations which participate in the United Nations common system and which accept the present statute ..."

2. To date, 12 organizations have accepted the statute of the Commission and, together with the United Nations itself, participate in the United Nations common system of salaries and allowances. Two other organizations, although not having formally accepted the statute, have participated fully in the Commission's work.

B. Membership

3. The membership of the Commission for 1998 is as follows:

Mr. Mohsen Bel Hadj Amor (Tunisia)* Chairman
Mr. Carlos S. Vegega (Argentina)* Vice-Chairman
Mr. Mario Bettati (France)***
Mr. Alexei Fedotov (Russian Federation)**
Mrs. Turkia Daddah (Mauritania)*
Ms. Corazon Alma G. De Leon (Philippines)**
Mr. Humayun Kabir (Bangladesh)**
Mrs. Lucretia Myers (United States of America)***
Mr. João Augusto de Médicis (Brazil)***
Mr. Jaroslav Riha (Czech Republic)*
Mr. Ernest Rusita (Uganda)**
Mr. Alexis Stephanou (Greece)***
Mr. Wolfgang Stöckl (Germany)*
Mr. Ku Tashiro (Japan)***
Mr. Elhassan Zahid (Morocco)**

* Term of office expires 31 December 1998
** Term of office expires 31 December 2000
*** Term of office expires 31 December 2001

C. Sessions held by the Commission and questions examined

4. The Commission held two sessions in 1998: the forty-seventh, which took place from 20 April to 14 May at the headquarters of the Food and Agriculture Organization of the United Nations (FAO) in Rome, and the forty-eighth, which took place from 27 July to 7 August at United Nations Headquarters.

5. At those sessions, the Commission examined issues that derived from decisions and resolutions of the General Assembly as well as from its own statute. A number of decisions and resolutions adopted by the Assembly that required action or consideration by the Commission are discussed in the present report.

D. Subsidiary body

6. The Commission's Advisory Committee on Post Adjustment Questions (ACPAQ) consists of the following members: Mr. Carlos S. Vegega (Argentina), Vice-Chairman of the Commission and Chairman of the Committee; Mr. John Astin (United Kingdom of Great Britain and Northern Ireland); Mr. Edmundo Berumen-Torres (Mexico); Mr. Youri Ivanov (Russian Federation); Mr. Yuki Miura (Japan) and Mr. Emmanuel Oti Boateng (Ghana).

E. Commission's programme of work for 1999

7. At its summer 1998 session, the Commission considered its programme of work for 1999, and decided that the issues outlined under annex I to the present report should be placed on the agendas for its two sessions in 1999. The Commission noted that most of the issues on its 1999 work programme dealing with salaries, allowances and benefits were of a routine nature, requiring updates and/or monitoring of some of the elements of the remuneration packages applicable to the two broad categories of staff. On the other hand, issues related to human resources management would require the collection and analysis of large amounts of data pertaining to specific aspects of conditions of employment of the common system staff. The Commission was of the view that those issues lent themselves to consideration by a working group before further examination by ICSC itself.

Chapter II

Action taken in relation to resolutions and decisions of the General Assembly and the legislative/governing bodies of other organizations of the common system

A. General Assembly decision 52/461

8. The General Assembly, in its decision 52/461 of 31 March 1998, invited the Commission to examine, as a matter of priority, the Code of Conduct proposed by the Secretary-General (A/52/488). Details of the Commission's examination of the United Nations Code of Conduct were submitted to the Assembly as an addendum to ICSC's twenty-third annual report.[1]

B. General Assembly resolution 52/216

9. The Commission considered General Assembly resolution 52/216 of 22 December 1997 regarding the action by the Assembly on the Commission's twenty-second annual report. The Commission also examined General Assembly resolutions 52/220 of 22 December 1997 and 52/12 B of 19 December 1997, as well as the resolutions and decisions adopted by the legislative/governing bodies of other common system organizations that had a bearing on the Commission's programme of work. Pertinent outcomes of the first part of the Assembly's resumed fifty-second session were brought to the Commission's attention.

10. In paragraph 2 of section III.D of its resolution 52/216, the General Assembly invited the Commission to continue its consideration of the issues of the standards of travel and per diem. In its resolution 52/220, relating to the proposed programme budget for the biennium 1998–1999, the Assembly requested the Commission to report to the Assembly at its fifty-third session on the justification for the supplemental subsistence allowance. The Commission's consideration of those matters may be found in paragraphs 237 to 247 below.

11. In section III.E of the same resolution, the General Assembly noted the Commission's intention to address the issue of mission subsistence allowance and requested it to submit a report on the issue to the Assembly at its fifty-third session. Details of the Commission's consideration of that matter may be found in paragraphs 248 to 260 below.

12. In section III.H of the same resolution, the General Assembly took note of the Commission's intention to submit a report on the representation of women in 1998. The Commission's report on the subject is contained in paragraphs 275 to 292 below.

Views of the organizations

13. The Consultative Committee on Administrative Questions (CCAQ) took note of the information provided.

Discussion by the Commission

14. Members of the Commission noted with satisfaction that the majority of its recommendations had been endorsed by the General Assembly.

15. The Commission took note of paragraph 22 of General Assembly resolution 52/12 B, in which the Assembly decided to examine the recommendation of the Secretary-General

on initiating a review of ICSC, and on the basis of information to be provided by the Secretary-General, requested the competent intergovernmental bodies to consider the modalities for such a review and to report to the General Assembly before the end of its fifty-second session. Members had an exchange of views on the subject and reached the conclusion set out below.

Conclusion of the Commission

16. The Commission took note of the Secretary-General's initiative, and indicated that it stood ready to cooperate in any manner that the General Assembly might decide.

C. General Assembly resolution 51/216, section VII (Report of the Board of Auditors on the management review of the ICSC secretariat)

1. Introduction

17. The Commission had before it the report of the Board of Auditors on the management review of the secretariat of ICSC (A/52/811, annex). It noted that the report was the result of some 12 weeks of study by the Board's auditing team. The Commission further noted that during the review period, the auditors also had an opportunity to meet with representatives of the organizations and of the staff. The Board's working methods consisted of extensive discussions with members of the ICSC secretariat, followed by written queries to which the secretariat replied in writing. These were followed by the Board's preliminary written findings, to which the secretariat likewise replied in writing; the Board then issued its final comments. The draft report was issued in November 1997, after which the secretariat submitted its comments thereon.

18. To establish a framework for the discussion of the audit report, the Commission recalled the request of the General Assembly. In its resolution 51/216 of 18 December 1996, section VIII, recognizing that an audit of the work of ICSC had not been undertaken since its establishment, the Assembly had called upon the Board of Auditors to conduct a management review of all aspects of the work done by the secretariat of the Commission in time for the submission of a report thereon to the General Assembly during its fifty-second session.

19. The Commission observed at the outset that the report was not a management audit of the ICSC secretariat as called for by the General Assembly. It regretted that the report entered into areas that lay beyond the audit team's mandate, calling into question decisions of both ICSC and the General Assembly. The task had been to review the work of the ICSC secretariat, including whether resources were being used as they should and whether those resources were sufficient, and not to review the functioning of the Commission or the Member States, which was the prerogative of those bodies. Although in paragraph 6 of the report the Board stated that it had also reviewed and evaluated the manner in which the resources of the ICSC secretariat were deployed, a listing of the responsibilities of each Division did not constitute an evaluation of resource deployment. The Commission considered that the auditors' changes should have focused on matters for which the secretariat was more directly responsible.

2. Summary

20. The Commission noted that paragraph 11 of the report contained 15 recommendations. Notwithstanding the reservations expressed above, the Commission was able to respond

positively to most of the recommendations contained in paragraph 11. It considered that the recommendations could be divided into three broad groups:

(a) The majority of the recommendations, which the Commission could support even if, in several cases, it did not fully agree with them. Those were recommendations (a), (b), (c), (d), (g), (h), (l), (m) and (n);

(b) A few recommendations on which the Commission felt that no action was required. Those were recommendations (e), (f) and (i);

(c) Recommendations that had already been implemented or were currently being implemented. Those were recommendations (k), (j) and (o).

3. Detailed analysis of audit recommendations

21. For its detailed analysis, the Commission directed its attention to the summary of recommendations contained in the introduction to the report of the Board of Auditors (see A/52/811, annex, para. 11), while drawing on the background considerations contained in its detailed findings (see A/52/811, annex, sect. II). As noted above, some audit observations and recommendations addressed the functioning of the ICSC secretariat, while others concerned policy decisions taken either by the Commission within its mandate or by the General Assembly; accordingly, the relevant authorities for the various matters covered are indicated between brackets following each recommendation.

Recommendation (a)

Make proposals to the Commission and the General Assembly to establish a total compensation methodology for assessing the competitiveness of the United Nations common system salaries for Professional level staff in relation to those of the comparator (Falls under the authority of the Commission and the General Assembly)

22. The Commission considered that it might be useful to conduct such comparisons between the United Nations and United States of America every five years, and continue to use this approach in the context of the application of the Noblemaire principle. In this connection, it decided at its forty-eighth session (July/August 1998) to carry out another review in 2001. The Commission had already studied this issue in relation to the comparator; total compensation studies were part of its normal work programme. During the 1989 comprehensive review of the conditions of service of the Professional and higher categories and throughout most of the 1980s, annual comparisons on the basis of net remuneration and total compensation using non-expatriate benefits had been conducted. At the time, some Commission members believed that for the total compensation methodology to become useful, expatriate benefits should be included. The majority considered that the two comparison approaches - net remuneration and total compensation - could be seen as mutually complementary; at the same time, they noted that the comparator had attempted a total compensation approach that, however, had not been implemented because it had proved too complex and costly. Although the Commission subsequently discontinued annual United Nations/United States total compensation comparisons, it maintained them for the determination of the highest paid civil service under the Noblemaire principle. The Commission noted that the comparator was currently in the process of reintroducing total compensation comparisons in its own pay-setting system.

Recommendation (b)

Address the problem of inter-grade differentials for Professional level staff in a manner that provides that margins at all grade levels are contained within the prescribed limits (Falls under the authority of the Commission and the General Assembly)

23. Despite the considerations given below, the Commission would continue to seek an acceptable solution, in the context, *inter alia*, of its periodic studies of the application of the Noblemaire principle; before this problem could be adequately addressed, however, it was up to the Commission and the Assembly to concur on the appropriate solution. It was recalled that an outcome of the 1989 comprehensive review was an improvement in grade and step relativities, which were introduced with the first base/floor salary scale implemented in July 1990. At the time, the Commission noted that a salary increase would be required in order to address this issue adequately. The salary scale recommended by the Commission in 1995 would have addressed the auditors' recommendation. However, the Assembly did not endorse the Commission's recommendation.

Recommendation (c)

With regard to post adjustment, develop a strategy to determine more accurately the common expenditure weights, taking account of the expected response rate. This strategy could incorporate a mix of suitable options, such as simplification of questionnaires; adopting the method of interviews in preference to using self-administered questionnaires; making use of data from national statistical offices, with necessary corrections on the basis of a test study; and exploring the possibility of obtaining data from other international employers (Falls under the authority of the Commission and the ICSC secretariat)

24. The Commission noted that these matters were dealt with by its expert advisory committee, ACPAQ, to whose agenda it often referred specific issues. In taking note of the auditors' concern regarding the sample design and response rates associated with the 1990 round of place-to-place surveys at headquarters duty stations and Washington, D.C., the Commission recalled ACPAQ's view on the matter. After examining the results of those surveys, ACPAQ had concluded that the sample design for the surveys was statistically valid. It had indicated that although the response rates might have been low for some duty stations, the method that was applied to aggregate the results (a widely accepted survey sampling technique) had reduced the statistical margin of error to acceptable levels. ACPAQ had also observed that rather than focusing separately on the weights of individual duty stations, the concept of common weights dictated the pooling of individual duty station expenditure weights.

25. As to the issue of response rates in surveys, the Commission recalled that the matter of increasingly low response rates by staff to survey questionnaires had been considered in the past. Indeed, partly as a response to this problem, the Commission had introduced the use of common expenditure weights with a view to obtaining more stable and representative expenditure weights. The possibility of using expenditure data from national statistical sources or other similarly situated international employers, thereby avoiding reliance on data from staff, was being pursued by the Commission. To that end, the matter had been placed on the agenda of the forthcoming session (September 1998) of ACPAQ.

26. The simplification of questionnaires, which was recommended by the auditors, was considered as a desirable goal that the Commission had requested its secretariat to pursue without compromising any requirements for a minimum amount of data necessary for making valid and reliable statistical analysis.

Recommendation (d)

For the purposes of pricing surveys, devise strategies to independently identify the outlets with high, moderate and low prices, at headquarters and major duty stations away from headquarters, with the assistance of local governments (Falls under the authority of the Commission and the ICSC secretariat)

27. The Commission saw the auditors' recommendation as a contribution to the effort to obtain more objective results. The Commission would request its secretariat to investigate alternative strategies for the identification and selection of outlets. Current procedures for the final selection of outlets for price collection included a review of the preliminary frequency list of outlets obtained from point-of-purchase surveys. The objective of this review was to obtain an appropriate equivalence in the types of outlets covered, and thus to "balance" the effect of specific types of outlets, such as supermarkets, department stores and specialized shops, on prices collected on both sides of the comparisons, i.e., the duty station and New York. This matter will be considered by ACPAQ at its forthcoming session.

Recommendation (e)

Establish a clear and durable policy for fixing out-of-area weights (Falls under the authority of the Commission)

28. The Commission considered that there was no need to reexamine this issue, for the reasons set out below. Those reasons, moreover, were supported in a recent decision of the International Labour Organization (ILO) Administrative Tribunal, which expressed the view that preferring one method to another in working out that (i.e., out of area) index was a technical choice and so one immune to judicial review; in any event, the modulation of coefficients in line with actual findings would ordinarily be a surer and more objective safeguard of parity in purchasing power than the old system of fixed coefficients.[2] The establishment of out-of-area weights had, of necessity, been dynamic over the years in order to take into account changing conditions. For example, the 10 per cent out-of-area weight was introduced by the Commission in 1990 in order to stabilize net take-home pay in local currency at headquarters duty stations. Subsequently, as a result of technical studies, other measures that eliminated the effects of currency fluctuations on take-home pay had been introduced. As a consequence of these methodological improvements, the Commission revised the 10 per cent out-of-area weights for headquarters duty stations. In its resolution 50/208 of 23 December 1995, the General Assembly had requested the Commission to address and refer to its working group on post adjustment, as appropriate, concerns raised in the Fifth Committee regarding the operation of the post adjustment system. Based on the recommendations of the working group, the Commission had revised the out-of-area weights to take into account elements of pay (expenditures) that should not be indexed for local price changes. The General Assembly had not only endorsed that decision but also requested the Commission to continue to monitor the issue and to report to the Assembly, as appropriate. A remuneration system covering over 180 countries had to respond to widely differing economic conditions (price levels, inflation rates, exchange rates, availability of goods and services, etc.), and therefore had to be a dynamic one if it were to ensure fairness and equity of treatment of all parties. Experience had also shown that these conditions could change significantly in a relatively short period of time within a duty station. Effective management of such a system required a certain degree of flexibility, particularly in the case of the out-of-area component, which was specifically related to the international character of common system staff. On several occasions, ACPAQ had indicated that the level of the out-of-area component in post adjustment was a policy matter on which the Commission could decide;

thus, the modalities for establishing policy on out-of-area weights were exclusively the prerogative of the Commission, whose decisions were implemented by the ICSC secretariat.

Recommendation (f)

Examine the recent changes made by other comparable international organizations and, if feasible, develop a methodology to equalize the purchasing power more accurately and more frequently with the base city (Falls under the authority of the Commission)

29. The Commission considered that no specific action on this recommendation was required at this time. In reviewing this recommendation, ICSC recalled that the 1996 working group on post adjustment established by the Commission had carried out an extensive study of the underlying principles, structure and mechanisms of the cost-of-living adjustment systems used by similarly situated employers in both the public and private sectors. The working group had invited experts from outside the United Nations system to its sessions. The methodology for the equalization of purchasing power was continually under review by the ICSC secretariat and ACPAQ, and – as noted above – special working groups were set up by the Commission as the need arose to study specific topics. Professional contacts with the United Nations Statistics Division, the Statistical Office of the European Communities, coordinated organizations, and some national institutions and professional associations were maintained so as to constantly monitor any innovations in these organizations' pay systems, together with any methodological developments in the area cost-of-living indices that could be of benefit to the post adjustment system. Such contacts and studies took place on an ongoing basis since the systems used by comparable international organizations were themselves continuously being re-evaluated and modified to respond to changing economic conditions around the world.

Recommendation (g)

Review the use of the regression technique for determining the 75th percentile, and make suitable modifications in the methodology so that it does not produce the anomaly of increasing the average salary per job when a relatively poorly paying employer with a large staff is included in the employers surveyed (Falls under the authority of the Commission)

Recommendation (h)

In view of the experience in the case of the Professional category, for which this technique was abandoned in 1994, study the effect of the regression technique on General Service salaries at various duty stations over a period of time, and discontinue the use of this technique if it affects final results significantly (Falls under the authority of the Commission)

30. Although the Commission did not necessarily agree with these recommendations, it considered that they could be examined in the course of the next review of the General Service salary survey methodologies.Members recalled that the Commission had originally introduced the use of regression analysis techniques into the survey process in order to deal with a number of anomalous situations that had occurred during actual surveys. The anomaly described by the auditors resulted from the introduction of a very large hypothetical employer into a database consisting of a relatively small group of employers. During the Commission's periodic reviews of the General Service salary survey methodologies, it had consistently expressed the view that statistical techniques or some other form of "smoothing" had to be applied in the process of calculating salary survey results. The use of regression

analysis techniques ensured that the greatest number of United Nations common system staff had the highest degree of comparability with external local labour market conditions. Although such a goal could be achieved by applying judgement, application of a statistical method provided a more solid basis for the establishment of salaries.

Recommendation (i)

Compare and quantify the difference in pension and other social benefits of the United Nations common system and the comparator employers for determination of salaries. The ICSC secretariat should also examine the use of the "cost to employer approach" and consider factoring such cost into the salaries, as is already being done in the case of non-cash and fringe benefits, such as low-interest loans, subsidized cafeteria and parking facilities (Falls under the authority of the Commission and the General Assembly)

31. The Commission could not agree with this recommendation, and reaffirmed its previously stated position: adhering to local benefit practices was not a desirable approach. The policy decision (subsequently noted by the General Assembly) was recalled that social provisions, such as pensions and leave, had no direct bearing on the salary recommendations of the Commission emanating from local salary surveys. The decision on pensions was taken after an in-depth analysis of pensions at six duty stations. The results showed that some local employers provided somewhat better pension benefits, while others provided lower benefits than the United Nations Joint Staff Pension Fund (UNJSPF). Data on social security provisions were used in reviewing the overall conditions of employment at a given duty station, as well as when assessing the desirability of maintaining uniform system-wide schemes. The Commission considered that although the approach proposed by the Board of Auditors might be conceptually attractive, the resource requirements would be significant, and the results would be difficult if not impossible to apply. It further considered that the policy of the United Nations common system that a uniform worldwide pension scheme would apply irrespective of local conditions had been consistent with the application of the Flemming principle since the earliest days of the common system. The objective of the Flemming principle was, after all, to attract and retain a desired quality of local staff. That objective had been met without the complicated procedures that would be required to measure, compare and apply at the local level provisions related to pensions, health insurance, life insurance, leave benefits, etc.

Recommendation (j)

Reactivate its work towards an overall approach to career development, as endorsed by the General Assembly (Falls under the authority of the Commission)

32. The Commission noted that at its forty-eighth session (July/August 1998), it had reviewed an updated framework for human resource management, which included career development. In its resolution 37/126 of 17 December 1982, the General Assembly had welcomed the study on the concepts of career, types of appointment, career development and related questions submitted by ICSC, and had considered that the overall concept of integrated personnel management based on human resources planning as envisaged by ICSC would assist organizations in achieving their programme objectives in an efficient manner, while providing conditions for career development to all categories of staff in the common system, whether they served in career or fixed-term appointments. The Commission noted that the Assembly had recalled that resolution in 1981 and reaffirmed its support for the overall approach envisaged by ICSC, so that the Assembly recognized that ICSC was already following such an approach. ICSC pointed out, moreover, that on a number of occasions, most recently in section D of its resolution 51/226, of 3 April 1997, the Assembly's request

to establish a career development policy had been directed to the United Nations Secretariat, not ICSC. Over the last decade, ICSC had been working on discrete elements of human resources management; indeed, it had consistently stressed in all its policy work the interrelationship between all elements of human resources management.

Recommendation (k)

Finalize and submit the progress report on the status of women without further delay (Falls under the authority of the Commission)

33. At its forty-seventh session (April/May 1998), the Commission had finalized a progress/statistical report on gender balance and decided on a future review cycle, and the auditors had been informed that such a report was being prepared. The Commission noted that the 1994 and 1995 statistical reports had not been undertaken, due in part to other programme priorities and a desire not to duplicate initiatives being undertaken by the Administrative Committee on Coordination (ACC) and its subsidiary machinery in that period. The report of the Board of Auditors, however, did not give credit where credit was due: beginning in the mid-1980s, ICSC had been in the forefront on this issue, and had taken up the subject on numerous occasions, indeed, had done so eight times between 1985 and 1993. In addition, in monitoring its recommendations and decisions in 1997, the Commission had reviewed information relating to gender balance and the work/family agenda, areas that formed part of the larger picture related to women and had been included in the Commission's recommendations going back to 1985. The report of the Board of Auditors also failed to indicate that in 1993, the Commission reviewed a detailed statistical report on women. It therefore seemed of little import for the Board to note that between 1994 and 1996, the ICSC secretariat neither followed up nor enabled ICSC to monitor and report on the status of women in the common system.

Recommendation (l)

Re-establish workload indicators (Concerns the everyday work of the ICSC secretariat)

Recommendation (m)

Prepare well-defined staff norms directly related to the workload for each item of work so that resource requirements could be established (Concerns the everyday work of the ICSC secretariat)

34. The Commission reviewed these recommendations together since they were aimed at the same result: the establishment of measurement and feedback tools. ICSC had been informed that the secretariat had already put into place a system to measure the time spent on various assignments, and that staff norms could be established on that basis. As to workload indicators, the Commission considered that it was important to bear in mind that since these related to Professional staff they were of limited value. It noted that until 1987, these had been prepared in the context of the biennial budget. They had been discontinued because by the end of a typical biennium, so many changes in the original work programme had taken place due to changed priorities or additional requests from the General Assembly that they bore little relationship to the ones originally foreseen. As to table 9 of the Auditors' report, "Resources and responsibilities of the ICSC secretariat", the Commission noted that the table appeared to be a snapshot of a point in time and did not reflect current resources. At the time of the issuance of the report, for example, the Personnel Policies Division had three staff members and not four as stated in the report. The staffing of the Executive Secretary's office should, moreover, have appeared in the table since staff in that office also had specific responsibilities. It was understood that by a memorandum of 30 July 1997 from

the Executive Secretary, the auditors had been given a current staffing table of the ICSC secretariat; for the sake of accuracy, that updated information should have been reflected in the report. However, work indicators and work norms could be established, it being understood that these could not be definitive since they were projections and could not always be captured in quantitative format.

Recommendation (n)

Establish a personnel database with regard to the organizations of the United Nations common system, with comprehensive data on staff deployment and their salary and allowances in respective grades, using the database of the secretariat of CCAQ, as appropriate (Concerns the normal operational activities of the ICSC secretariat)

35. The Commission strongly supported the audit findings on the importance of having direct access to a centralized cohesive database related to human resources data for each United Nations common system organization. This was a necessary condition to enable the ICSC secretariat to undertake its mandated studies, *inter alia*, in the human resources area in general, as well as to improve its reporting on the status of women, the mobility and hardship scheme, the education grant and the rental subsidy scheme by duty station. In addition, it was important that such a database provide current and complete information for the annual margin calculations and improve planning for the annual post adjustment place-to-place surveys. The secretariat might be requested to coordinate discussions with CCAQ and the organizations on the best ways and means to develop and maintain a system for on-line access by the ICSC secretariat. The ability of the secretariat to carry out the various studies for which it was responsible depended on more direct access than was currently available to a database that maintained up-to-date, accurate information.

Recommendation (o)

Introduce a computerized integrated management information system in active coordination with organizations of the United Nations common system with a view to improving the current procedures for data collection, transmission and processing. This should also be used for periodic review of the mobility and hardship allowance, the daily subsistence allowance and education grants. The system should be compatible with the computer systems in the organizations of the United Nations common system, and its introduction should be preceded by identification and quantification of savings in terms of reduced staff and other costs that would be effected as a result of automation (Concerns the normal operational activities of the ICSC secretariat)

36. The Commission noted the secretariat's support for this recommendation, and also noted that an expert consultant had already been engaged to conduct a systems study for the development of a modern integrated computer-based management information system. The study would coordinate the involvement of the common system organizations in improving the current procedures for data collection, transmission and processing. The study would also develop a business case that identified and quantified the costs and benefits, including the benefits of greater efficiency, improved response time, and improved analytical capability, flexibility and reporting that would result from the implementation of such a system. The business reasons for modernizing the secretariat's computer systems and re-engineering its processes were cost reduction and improved performance.

4. Conclusions

37. The Commission wished to report to the General Assembly that it had responded in a positive manner to the majority of the recommendations contained in the report of the

Board of Auditors. In the few cases where it felt that no action was necessary, it had provided cogent reasons. Moreover, several recommendations had either already been implemented by the Commission or were being implemented by the secretariat.

Chapter III

Consultative process and working arrangements in the Commission

A. Introduction

38. The Working Group on the Consultative Process and Working Arrangements of ICSC was established by the Commission at its spring 1997 session in response to a request by the Coordinating Committee for International Staff Unions and Associations of the United Nations (CCISUA), supported by ACC and the Federation of International Civil Servants' Associations (FICSA), to review the functioning of the Commission. The General Assembly, in its resolutions 50/208 of 23 December 1995, 51/216 of 18 December 1996 and 52/216 of 22 December 1997, had requested CCISUA and FICSA to resume their participation in the work of ICSC in a spirit of cooperation and non-confrontation; the Assembly took note of the establishment by the Commission of the Working Group. The Working Group was composed of members of ICSC, representatives of CCAQ and representatives of CCISUA and FICSA; it met three times during the first half of 1998. It was assisted in its deliberations by a facilitator who was a Commissioner of the Australian Industrial Relations Commission. The report of the Working Group, containing, *inter alia*, its terms of reference, composition and agenda, is contained in annex II to the present report.

39. The Commission noted that the report of the Working Group made recommendations relating to five major areas: (a) agenda management, including the identification of issues; (b) data gathering with a view to enriching the information available; (c) consideration of items and decision-making by the Commission, encompassing also the design and content of ICSC reports; (d) appointment of Commission members; and (e) roles of the Executive Secretary and the secretariat, including selection and appointment. The Commission further noted that recommendations regarding the first three areas related to changes in the Commission's rules of procedure.

Presentation of the report of the Working Group by the Facilitator

40. In introducing the report of the Working Group, the Facilitator observed that the proposals submitted to the Commission for consideration and decision were the result of extensive cooperative efforts by all parties in the Group to find a way out of the current impasse. The search for consensus was always a difficult process, requiring members to challenge their own ideas and to understand the ideas of others. He noted that the ideas that united people were sometimes more elusive than those that divided them. In presenting the report to the Commission, he wished to assure it that the Working Group had in no way sought to replace or undermine the decision-making role of the Commission, or to reduce its authority. He recalled that ICSC was a powerful body whose decisions affected the lives of international civil servants. That fact was at all times foremost in the minds of those who participated in the Working Group. He thanked all the members of the Group, as well as the ICSC Chairman and the secretariat, for their cooperation and assistance.

Views of participating parties to the Working Group

Consultative Committee on Administrative Questions

41. The Chairman of CCAQ, who had also participated in the Working Group, had been impressed by the will of the Group's members to move forward. He expressed his gratitude to the Facilitator for an excellent job. He stressed that the proposals of the Working Group

had to be seen as a package, not a menu of proposals from which to pick and choose. Most of the recommendations could, moreover, be implemented by the Commission under its own authority; they required amendments to the Commission's rules of procedure. Another area, which went beyond the Commission's competence, but which CCAQ considered important, was the appointment of members to ICSC. While CCAQ was aware that the issue was dealt with at the level of the United Nations General Assembly, its concerns in that regard were a matter of record. In keeping with the reforms currently under way system-wide, inter-agency bodies also had an obligation to pursue new ways of working. Thus, the proposals put forward by the Working Group should not be seen as a one-time activity, but should become part of an ongoing process to review and update working methods.

Coordinating Committee for International Staff Unions and Associations of the United Nations system

42. The President of CCISUA thanked the Facilitator and members of ICSC for their cooperation. She commended all parties for the open-mindedness with which they had approached their task. CCISUA subscribed to the views expressed by CCAQ.

Federation of International Civil Servants' Associations

43. The President of FICSA said that the presence of the Federation for the agenda item signalled its support for the package of measures put forward in the Working Group's report. She explained that the presence of FICSA, albeit only for the item, should not be misinterpreted as a return to the Commission. A decision on the Federation's return would only be taken by its full membership after the General Assembly had considered the Working Group's report. That said, she stressed that FICSA was acting in good faith. She thanked the Facilitator for his able assistance. She noted that all members of the Working Group had managed to strike a compromise and agree on the package of measures that was itemized in the Working Group's report. She stressed that the package demonstrated an appreciable compromise compared to the Federation's original position of two years earlier, when it had advocated the abolition of ICSC and its replacement by another body. The extent of that compromise should not be underestimated; it confounded the criticism that FICSA was rigid, harsh and uncooperative. The President of FICSA also recalled that the Working Group had been set up in response to requests from a number of quarters for the reform of ICSC. In view of the above, it was important to FICSA that the proposal in the report be adopted as a package.

Discussion by the Commission

44. The Commission noted that the first three parts of the Working Group report contained amendments to its rules of procedure. Before examining the proposed amendments, the Commission expressed its appreciation to the members of the Working Group and the Facilitator for contributing to the objective set forth in the various General Assembly resolutions in which the Assembly had requested the staff representatives to resume their participation in the work of the Commission. The Commission realized that the task had presented a challenge; it was to the Working Group's credit that the challenge had resulted in a set of recommendations that the parties reached by consensus.

45. The Chairman drew the Commission's attention to a letter from FICSA dated 25 February 1998 indicating that FICSA participants in the Working Group would be non-participating observers during the discussion of the agenda item relating to the consultative process.

46. The Commission was acutely aware that this was a delicate subject, the more so for the new members of the Commission whose tenure at ICSC was being initiated with consideration of this item. Some general guiding principles were recalled: the General Assembly elected members to decide impartially and responsibly on matters under the ICSC statute; ICSC was a subsidiary organ of the General Assembly and of that body alone; members of ICSC were independent and respected their independence; the Commission's decision-making authority was not negotiable and could not be compromised. While the Commission had always tried to demonstrate flexibility, as a technical body it was responsible before the General Assembly and to the common system as a whole, for which it was mandated by its statute to regulate and coordinate the conditions of service for staff of the United Nations common system. The Commission was at all times therefore highly conscious of the far-reaching consequences of its recommendations and decisions which affected staff across the system.

47. The Commission considered that the Working Group report should be reviewed bearing in mind two linked aspects of its overall mandate: the Commission's independence, and its responsibility for the regulation and coordination of the conditions of service for the common system.

B. Agenda management

Rule 6.1

Existing rule	*Working Group proposal*	*ICSC decision*
The Executive Secretary shall, in accordance with the statute and in consultation with the Chairman, draw up the provisional agenda for each session	The Executive Secretary shall, in accordance with the statute and in consultation with the Chairman, members of the Commission, representatives of the executive heads and staff representatives, draw up an annual proposed programme of work and the provisional agenda for each session, identifying the key issues, in order of priority, in a manner which ensures the greatest efficiency in the management of the agenda (see annex II, paras. 10 and 11)	Under the direction of the Chairman, the Executive Secretary shall, in accordance with the statute and in consultation with the members of the Commission, representatives of the executive heads and staff representatives, draw up an annual proposed programme of work and the provisional agenda for each session, identifying the key issues, in order of priority, in a manner that ensures the greatest efficiency in the management of the agenda

Rationale of the Commission

48. The Commission noted the Working Group explanation that the rules of procedure had been written in 1975 in response to a specific set of circumstances. The rule, as amended, broadened the consultation process; that was the essential change. The Commission considered, however, that the rule should be brought into closer alignment with its statute (article 8).

C. Information gathering

Rule 8.1

Existing rule	*Working Group proposal*	*ICSC decision*
No existing rule, **new proposal**	The secretariat shall consult with the members of the Commission and the representatives of the organizations and staff on all aspects of the information-gathering process, including the scope of the data and the methodologies to be used for their collection. On the basis of the data thus collected, the secretariat, following full consultations with all parties mentioned above, shall prepare the draft documentation for the first session of each year. This is to be made available to the participants, in all languages, at least 10 working days before their consideration. Issues or documents that have not been subject to the Working Group process will only be considered with the agreement of all parties (see annex II, paras. 12–14)	The secretariat shall consult with the members of the Commission and the representatives of the organizations and staff on all aspects of the information-gathering process, including the scope of the data and the methodologies to be used for their collection. On the basis of the available data, the secretariat, following full consultations with all parties mentioned above, shall prepare the documentation for the first session of each year. This is to be made available to the participants, in all languages, at least 10 working days before their consideration. Documents that have not met any of the above requirements will only be examined after taking into consideration any views of CCAQ and the representatives of the staff

Rationale of the Commission

49. The Commission noted the Working Group's explanation that this amendment had been introduced with the intention of improving consultation, enhancing trust among the parties and ensuring that documents in all languages were ready on time. The Commission acknowledged that some important improvements had been introduced but questioned parts of the second and the last sentences of the amendment. The Commission was of the view that the phrase "the data thus collected" would dilute the responsibility of the secretariat, which, in keeping with an independent Commission, was also required to be independent; the Commission took its decisions on the basis of objective, impartial and neutral data presented to it by a neutral and responsible secretariat. The word "draft" was not acceptable since documents submitted to the Commission for consideration could not be in draft form; they were already official documents. In addition, the last sentence of the above paragraph required clarification since it was apparent to the Commission that not all issues would be subject to the Working Group process. The Commission noted the Working Group explanation that the last sentence sought to ensure that only agenda items of which all parties were aware could be discussed; it had not been intended to create a veto power over the inclusion of issues. With the exception of one member of the Commission, who reserved his position since he considered that the elements of tripartism introduced by the amendment might contradict the independent status of Commission members as established by the ICSC statute, the above changes were agreed to by all other participating parties to the discussion.

D. Working methods

Rule 12.2

Existing rule	*Working Group proposal*	*ICSC decision*
No existing rule; **new proposal**	For all key issues, the Commission shall establish joint working groups composed of members of the Commission, representatives of administrations and of staff bodies, at the first regular session each year. Draft documents prepared by the secretariat following the procedure outlined in rule 8 above shall form the background from which the Commission and the representatives of the organizations and staff, and/or the working groups established by the Commission, shall address the issues on the agenda. The outcome from the Working Group shall form the basis for decision by the Commission (see annex II, paras. 18 and 19)	Unless otherwise decided, for all key issues, the Commission shall establish joint working groups composed of members of the Commission, representatives of administrations and of staff bodies, at the first regular session each year. Documents prepared by the secretariat following the procedure outlined in rule 8 above shall form the background from which the Commission and the representatives of the organizations and staff, and/or the working groups established by the Commission, shall address the issues on the agenda. The report of the working group and the documents submitted to it shall form the basis of the deliberations of the Commission in the decision-making process

Rationale of the Commission

50. In the Commission's view, changes were needed in certain parts of this proposal. First of all, ICSC wished to ensure that working groups would not be formed on every agenda item; this would be highly impractical, hence the phrase "key issues"; second, it was the Commission that made the determination of which issues were key. The last sentence was unacceptable in its current form since it implied that the Commission would be bound in its decision-making by the report of the particular working group in question; the Commission could not relinquish this authority conferred on it by its statute. Moreover, the word "outcome" could be interpreted as precluding consideration of any background documents before the Working Group.

E. Consideration by/decision-making of the Commission

Rule 21.1

Existing rule	*Working Group proposal*	*ICSC decision*
The Executive Secretary shall prepare a draft report on the work of each session of the Commission, setting out, *inter alia*, any substantive determinations adopted as well as the principal reasons therefor	The Executive Secretary shall prepare a draft report on the work of each session of the Commission, setting out, *inter alia*, any substantive determinations adopted by the Commission as well as the principal reasons therefor, including the views expressed by the representatives of administrations and staff, submitted for inclusion in the body of the report (see annex II, paras. 22 and 23)	The Executive Secretary shall prepare a draft report on the work of each session of the Commission, setting out, *inter alia*, any substantive determinations adopted by the Commission, as well as the principal reasons therefor, and the essence of the debates, which shall include the views of all parties

Rationale of the Commission

51. The Commission noted the Working Group's wish to see a change in the approach to and presentation of the Commission's sessional and annual reports. This would include a more contemporary layout that took advantage of modern publishing software technology, e.g., desktop publishing. Sessional reports should be more detailed than annual reports, containing the entire discussion, including any divergent views; the annual report should be more succinct, and should present the consensus view. The experience of the Commission, however, was that the General Assembly wished to receive the fullest possible information regarding the deliberations of ICSC and its decisions; it might be difficult to reconcile the proposed change regarding the reports with the requirements of the Assembly. The Commission noted that the Working Group considered this amendment necessary to ensure that the views of the administrations and staff representatives were reflected in the body of the report. ICSC considered, however, that in the last clause of the sentence, "including the views expressed ...", the words "members of the Commission" should also be included; that would ensure that all individual views and ideas that were part of the discussion would appear in the body of the report rather than in a separate annex, as currently provided for in rule 21.3. The views of the Commission were by definition included, since the report was a report by ICSC; that was reflected in article 17 of the statute.

Rule 22.2

Existing rule	*Working Group proposal*	*ICSC decision*
The Commission shall submit to the General Assembly an annual report which shall include information on the implementation of the Commission's decisions and recommendations. The report shall also be transmitted to the other governing organs through the executive heads, as well as to the Administrative Committee on Coordination, the Federation of International Civil Servants' Associations, the Coordinating Committee for International Staff Unions and Associations of the United Nations System, the staff representatives and the United Nations Joint Staff Pension Board.	The Commission shall submit to the General Assembly an annual report which shall include the background to the matter being recommended, the decisions and recommendations of the Commission and the reasons therefor, whether or not the decisions and recommendations were reached by consensus, and the positions adopted by the staff representatives and CCAQ, where they differ from the conclusions of the Commission. The report shall also be transmitted to the other governing organs through the executive heads, as well as to the Administrative Committee on Coordination, the Federation of International Civil Servants' Associations, the Coordinating Committee for International Staff Unions and Associations of the United Nations System, the staff representatives and the United Nations Joint Staff Pension Board (see annex II, paras. 25 and 26).	The Commission shall submit to the General Assembly an annual report which shall include the background to the matter being recommended, a summary of the views expressed by all participants, the decisions and recommendations of the Commission and the reasons therefor, whether or not the decisions and recommendations were reached by consensus, and the positions adopted by the staff representatives and CCAQ, where they differ from the conclusions of the Commission. The report shall also be transmitted to the other governing organs through the executive heads, as well as to the Administrative Committee on Coordination, the Federation of International Civil Servants' Associations, the Coordinating Committee for International Staff Unions and Associations of the United Nations System, the staff representatives and the United Nations Joint Staff Pension Board.

Rationale of the Commission

52. Noting that the reasons for the proposed change by the Working Group was to ensure that the views of the parties, in addition to those of the Commission, would be reflected after the Commission had taken its decision, the Commission considered that a reference to the views of individual members (as in the case of the amendment to rule 21.2) should also be reflected. If not, it would seem that the Commission was granting to the other parties a prerogative that it was at the same time relinquishing for its own members.

Conclusions of the Commission on changes to the rules of procedure

53. The Commission emphasized that the above changes proposed to the rules of procedure had been agreed to by all participating parties to the discussion, members of the Commission and members of the Working Group, except for FICSA, which had maintained its observer status; those changes contributed to the consultative process without detracting from the substance of the Working Group's original proposals. The Commission understood that for some, agreeing to those changes had required flexibility; the Commission had also been flexible. The reformulation of the passages in question and the changes agreed to were a positive demonstration of a new spirit of cooperation on the part of all parties to the process.

54. Given the far-reaching effects of the proposed amendments to its rules of procedure, the Commission wished to safeguard itself against unforeseen legal implications and to ensure that the amendments were not in conflict with the statute. As a precaution, it would

seek a legal opinion on these issues. Moreover, it wished to make clear that the amendments to the rules of procedure would go into effect only when the staff representatives had resumed their active participation in the work of ICSC.

F. Appointment of Commission members

55. The Commission recalled its past examinations in 1991 and 1995 of the subject of appointments to ICSC and members' qualifications. Given the similarity of the Working Group's proposals to those advanced in the past by the Commission's interlocutors, the Commission considered that the views that it had expressed on those occasions were equally tenable at the current juncture. The Commission further observed that the ICSC statute did not provide the Commission with jurisdiction over appointments of its members; that lay within the competence of the Secretary-General and the General Assembly. Moreover, the terms of reference of the Working Group did not cover any proposals to change the statute. In the light of the above, the Commission wished to record its strong concurrence with paragraph 28 of the Working Group's report, which reflected those views.

56. The Commission observed that article 4 of its statute covered appointments to ICSC, including provisions for consultations. Although it was the view of many members of the Commission and the United Nations that the consultation process usually worked well, others wished to find ways to strengthen it. One member proposed that the regional groups might consult with the representatives of the organizations and the staff on their candidates; in addition, in his view, the Secretary-General might be requested to communicate to the General Assembly any views that those parties might express concerning the recommended candidates.

57. ICSC was informed that a number of the proposals contained in part IV of the Working Group report, in particular the joint statement by CCAQ and the staff and the draft criteria (see annex II, appendix V and attachment), had been prompted by concerns related to the non-application of the procedures. Members took note of the draft criteria developed by CCAQ, which contained a detailed set of competencies, experience and knowledge that CCAQ wished to see represented in the Commission. ICSC pointed out that these were already covered in article 3 of the statute, which specified the criteria required of members of the Commission; these were high levels of competence and experience, attributes that the Commission considered would benefit all parties participating in the work of ICSC. Moreover, the Commission wished to emphasize a quality, also mentioned in the statute, that it considered to be paramount: the independence of members.

G. Roles of the Executive Secretary and secretariat, including selection and appointment

58. Although the Working Group report alluded to the respective roles of Chairman, Vice-Chairman and Executive Secretary, the Commission noted that no specific recommendations had been made in this respect since the Working Group considered that the proposed new working methods had been crafted in such a way so as to clarify those roles. It was noted that in 1991, in response to a similar recommendation, it had cautioned against a too strict definition of those roles since it considered that a definition would be more restrictive than that set out in the statute, and that those roles were in any event closely linked to the technical expertise and individual personalities of the three officers concerned.

59. The Commission concurred with the Working Group's emphasis on an independent secretariat that possessed high technical competence. The Commission recalled that in 1995, it had itself also stressed the importance of maintaining technical excellence in its secretariat, and was informed that when vacancies in the secretariat occurred, CCAQ did not put candidates forward despite direct appeals to it from the Executive Secretary to do so. The Commission noted that the organizations had not always been successful in their prospection for candidates, but pledged for the future not to spare any effort. Moreover, the Commission's rationale for its decision on the amendment to rule 8.1 was, *inter alia*, to safeguard the independent, neutral and responsible character of its secretariat (see para. 49 above). With respect to paragraph 36 of the Working Group report, in which the Working Group called for the ICSC secretariat to gain experience in other areas of the United Nations system, and for staff from other United Nations agencies to be seconded from time to time to work in the ICSC secretariat, the Commission noted that it had supported similar recommendations that had been made in 1991 and 1995 and also supported this one. Several members were of the view that the mutual enrichment to be derived from such exchanges would be further enhanced by also encouraging personnel from national civil services to apply for vacancies.

60. The Commission noted that the Working Group, in paragraph 39 of its report, returned to a position that it had already expressed in its proposed new rule 12.2. A detailed discussion of that paragraph and the Commission's reasons for amending it is set out below.

Paragraph 39 of the report of the Working Group

Working Group proposal	*ICSC decision*
The secretariat, in its documents, should not be called upon to give recommendations on key issues unless it is reflected in the working group agreement. Rather, the secretariat should be asked to present only relevant, technically competent data and various options and their implementation so that members of the Commission may make a decision on all material, including the views of the staff associations and CCAQ (see annex II, paras. 37–39)	The secretariat may be asked to present technical data and various options and their implications and any other information/documents which the Commission may require to enable the Commission to take a decision on the basis of all material, including the views of the staff associations and CCAQ

Rationale of the Commission

61. The Commission recalled its discussion on the Working Group's proposal to introduce rule 12.2 (see para. 50 above). In its view that rule adequately covered this subject, rendering the above proposal unnecessary. ICSC already agreed to the consultative process in the working group arrangements, hence there was no need to adopt a different reporting method. The Commission did not consider the Working Group's proposal to be an improvement. The Commission had always been open to receiving and hearing the views of all parties, and would continue to do so. For ICSC to accommodate all views but those of its secretariat would weaken the Commission. There was, moreover, more than one aspect to this question. First of all, it had to be recalled that not all matters before the Commission would be subject to the working group process. Second, the Commission already had a long experience with working groups, beginning a decade ago. Moreover, it was the Commission that made recommendations and took decisions, not the secretariat. The Commission attached the greatest importance to the autonomy of its decisions; it arrived at its decisions independently in the light of the fullest possible information before it.

Linguistic balance in the secretariat

62. With respect to the Working Group's proposal on linguistic balance in the secretariat, the Commission concurred that it was essential for international staff to be proficient in the working/official languages of their organizations, and for ICSC secretariat staff to communicate with members of ICSC and with the representatives of the organizations and the staff. The Commission recalled that the General Assembly, in its resolution on multilingualism, noted that it was desirable for international staff to be proficient in at least one of the working languages and encouraged to be proficient in one or more of the official languages in use in their organizations. It was observed that all working languages were represented among the staff of the secretariat, many of whom spoke two or more working languages; moreover, two recent appointments to the secretariat had been made, taking into account the need for multilingualism. However, while the linguistic ability of staff was important, so too were technical and managerial competencies. As for the Working Group's proposal in paragraph 43 of its report (see annex II) that vacancy notices for senior positions include "standard linguistic requirements", this was already the case and was not limited to vacancies for senior staff but applied to all professional vacancy notices. The second part of the sentence in paragraph 43 of the report stated that a "consultation mechanism should be established among all the parties concerned before the posts are advertised as far as linguistic requirements are concerned". The Commission did not agree on the need for such a mechanism since the Chairman and the Executive Secretary possessed the competence necessary to arrive at this determination.

Appointment mechanisms for ICSC secretariat staff

63. The Commission noted the Working Group's views on the consultative arrangements for the appointment of senior staff and its proposals for a search group and a tripartite board on recommendations for appointment and promotion contained in paragraphs 44 to 46 of its report (see annex II). Recalling its discussions on similar proposals in 1991, the Chairman reiterated that full consultations took place as a matter of course. Consultation procedures had been scrupulously followed, and in fact went far beyond the arrangements worked out for the recruitment of secretariat staff at the Commission's first session. That said, the Chairman pointed out that under the statute, he retained the ultimate responsibility for appointments to the secretariat. Members considered that the mechanisms proposed were unnecessarily rigid and that flexibility was very important in this case. They felt that it was not necessary to follow up on a recommendation whose consequences might be to prevent its Chairman, voluntarily or involuntarily, from exercising his responsibilities. The Commission considered that the Chairman, at his discretion, could form a consultative group to locate and pre-screen candidates and/or make proposals to him through a shortlist for appointment to senior posts.

Restructuring the secretariat

64. The Commission took note of the Working Group's proposal to review the structure of the ICSC secretariat. The Chairman informed members that internal restructuring and realignment of functions took place on an as-needed basis as a matter of routine and in response to managerial exigencies. Some members considered that the recent management review carried out by the Board of Auditors could have dealt with this. A review of the structure of the secretariat could be taken up at an appropriate time in the future.

Chapter IV

Conditions of service of the Professional and higher categories

A. Evolution of the margin between the net remuneration of the United States federal civil service and that of the United Nations system

65. Under a standing mandate from the General Assembly, the Commission continued to review the relationship between the net remuneration of the United Nations staff in the Professional and higher categories in New York and that of the United States federal civil service employees in comparable positions in Washington, D.C. (hereinafter referred to as "the margin").

66. The Commission was informed that the net remuneration margin for 1998 was estimated at 114.8 on the basis of the approved methodology (see annex III).

Views of the organizations

67. The Chairman of CCAQ took note of the margin forecast for 1998. The Committee noted again with concern the non-existence of margins at the higher levels of the salary range. This issue had been brought to the attention of ICSC on many occasions in the past. CCAQ had sought ways to remedy the situation, and had previously made specific proposals in the context of margin management. The organizations considered that those proposals, including the adjustment of the margin range, should be revisited.

68. The representative of the International Civil Aviation Organization (ICAO) noted that the net salaries of ICAO staff at Montreal at levels equivalent to D-2, D-1 and P-5 were 6, 10 and 1 per cent, respectively, below those of the comparator in Washington, D.C. He recognized that his analysis did not include an adjustment for cost-of-living differences between Montreal and Washington, D.C.; nevertheless, he considered that the situation presented significant problems, particularly in recruiting suitable candidates from the United States.

Discussion by the Commission

69. The Commission recalled that the Federal Employees' Pay Comparability Act (FEPCA), established in 1990, was designed to increase gradually federal civil service salaries to achieve comparability with non-federal salaries by 2002. However, departures from the increases required to achieve that goal had persisted since the inception of FEPCA. The Commission noted that the departure from adjustments expected under the FEPCA had become an issue in recent United States Congressional debates and for the federal unions in the context of the 1999 salary adjustment of 3.1 per cent recommended as from 1 January 1999 by the United States administration. Since 1993 the administration has cited "economic conditions" to justify the less than full implementation of FEPCA adjustments. The Commission also noted that FEPCA supporters had argued that recent administration economic reports did not justify departures from the FEPCA adjustments. Various legislative initiatives were under way to limit further departures from FEPCA.

70. The Commission considered whether improved fiscal and economic conditions of the comparator might lead to an enhanced application of FEPCA in the near future. If so, the Commission expressed the view that the issue of the relatively low net remuneration ratios at the D-2/D-1 levels could be addressed. It further noted that this issue was raised in the recent report of the Board of Auditors (see A/52/811, paras. 21–30). Although it was

recognized that in prior considerations of this matter it had been noted that a real salary increase would be required in order to address this issue, some members of the Commission considered that a solution should be explored that would not involve the cost implications of a real salary increase.

71. Others noted that the issue of very low margins at the higher levels had been addressed in the context of the 1995 review of the application of the Noblemaire principle, with specific recommendations from the Commission to the General Assembly to rectify the problem through the restructuring of the base/floor salary scale. Those proposals were not accepted by the Assembly. If this issue were to be reconsidered, it would need to be re-examined in the context of the adjustment of the base/floor salary scale.

72. In view of the attention given to this issue, *inter alia*, by the Board of Auditors, the Assembly and the organizations, the Commission considered that its secretariat should explore possible solutions and report its findings in the context of the adjustment of the base/floor salary scale.

Decision of the Commission

73. The Commission decided:

(a) To report to the General Assembly the margin forecast of 114.8 between the net remuneration of the United Nations staff in grades P-1 to D-2 in New York and that of the United States federal civil service in Washington, D.C., for the period from 1 January to 31 December 1998;

(b) To inform the Assembly that again in 1998 the comparator had not fully implemented FEPCA pay reforms; however, because of an improvement in economic and fiscal conditions of the comparator there were indications that future adjustments might be enhanced;

(c) To request its secretariat to explore possible solutions to the problem of very low margins at the higher common system grades, and to submit its findings to the Commission at its spring 1999 session.

B. Total compensation comparison between the United States and German civil services

74. In 1995, in the context of the comprehensive review of the application of the Noblemaire principle, the Commission conducted a study of total compensation comparison between the German and United States federal civil services. Based on the results of the study, the Commission reported to the General Assembly, *inter alia*, that the total compensation comparison showed that the German civil service remuneration package was 110.5 per cent of that of the United States federal civil service.[3] The Commission also reported that it would continue to monitor the total compensation of the German civil service and would update the current data annually.[4]

75. The Commission was informed of the result of the total compensation comparison between the United States and the German civil service, which showed that for 1998, the German remuneration package was 108.5 per cent of that of the United States federal civil service.

Views of the organizations

76. The Chairman of CCAQ noted that the total compensation comparison between the German and the United States federal civil services confirmed that the United States was no longer the highest-paying civil service. Thus, the Noblemaire principle was not being applied. The Committee noted the small narrowing of difference between the total compensation levels of the United States and the German federal civil services from 10.9 to 8.5 per cent. There remained, nevertheless, an 8.5 per cent gap between the two civil services, as measured in accordance with the total compensation methodology approved by the Assembly.

77. The Committee referred to the specific proposals that it had made in 1997 in respect of adjusting the margin range to accommodate the difference between the remuneration levels of the United States and the German federal civil services, namely, to use margin management to remedy this situation. These proposals had not been favourably received by ICSC, and were not passed on to the General Assembly. The Committee noted that the General Assembly, in section I.A of its resolution 52/216 of 22 December 1997, had reconfirmed the continued application of the Noblemaire principle; reaffirmed the need to continue to ensure the competitiveness of the conditions of service of the common system; and acknowledged its option of margin management. The Committee asked how the Commission intended to deal with the ongoing non-application of the Noblemaire principle. It requested that the Commission reconsider its 1997 proposals, *inter alia*, in the area of margin management.

78. The Committee strongly supported the concluding paragraph of the document before the Commission, namely that based on the results of the total compensation comparison between the United States and German civil services:

(a) The total compensation comparison showed that the German civil service was 108.5 per cent of that of the current comparator;

(b) Retirement and health insurance benefits and leave and work hours provisions of the German civil service were superior to those of the comparator, the United States;

(c) Consequently, the current update of the study to identify the highest paid national civil service had again shown that the current comparator under the application of the Noblemaire principle was no longer the best.

Discussion by the Commission

79. The Commission noted that although this item had been on its agenda – and consequently that of the Assembly – for a number of years, it had not been resolved. Some members of the Commission considered that the process of replacing the current comparator could lead to organizational and technical complications that would also result in financial consequences. Furthermore, noting the significant ongoing reforms by the German Government, including the relocation of the capital to Berlin, some members of the Commission considered that there were a number of relevant factors that could not be included in the comparison at this stage. However, one member considered that based on a series of studies showing German civil service conditions to be superior to those of the current comparator, the Commission should proceed to the conclusion that the current comparator should be replaced by the German civil service.

80. With regard to the current exercise, the Commission noted that the non-salary remuneration elements of the German service were superior to those of the United States service, while net salary levels of the United States service remained superior to those of the German service by some 14 per cent. The German advantage in pension and health

insurance benefits, together with advantages on all leave items and working hours, had been maintained since 1995. This advantage more than offset the net salary disadvantage. With regard to the net salary comparisons, it was further noted that vis-à-vis the United States service, the German service paid relatively higher salaries at lower grade levels and lower salaries at higher grade levels. The realignment of the salary scale discussed in paragraphs 67 to 68 above would therefore be a less relevant issue if the German civil service were to be the comparator.

81. Some Commission members considered that the net salary relationship between the United Nations common system and the German civil service could be arrived at from the current comparison. It seemed to these members that if the United States civil service salaries were 14 per cent above those of the German civil service and United Nations common system salaries were 15 per cent above the United States service, it followed that United Nations common system salaries were 29 per cent above German civil service salaries.

82. Others considered that such a triangular comparison incorporated a number of different computational bases that were not mutually compatible. It was noted that the German/United States comparison included a Bonn/Washington, D.C., cost-of-living adjustment based on expenditure patterns of German consumers. The United States/United Nations comparison, on the other hand, included a New York/Washington, D.C., cost-of-living adjustment based on expenditure patterns of United States consumers. Furthermore, to calculate net salaries the United States/United Nations comparison was based on the tax status of married taxpayers, while in the German/United States comparison it was based on married taxpayers with one child. Accordingly, the composition of the base populations was different for the German/United States and United Nations/United States comparisons and thus, a United Nations/German comparison (by triangulation) would not be comparing like with like. For these and other computational differences in the two comparisons, it was considered that the conclusion that United Nations common system salaries were 29 per cent above German civil service salaries was not valid. The Commission noted that ACPAQ had addressed such triangular comparisons earlier and concluded that a direct comparison between the two comparators would be the correct approach.

83. Some Commission members noted that since the German/United States comparison was based on a total compensation comparison, if net salaries were to be compared separately then some of the social security aspects would also need to be compared separately. If this were done, the same deductive reasoning that had led to the conclusion that United Nations common system salaries were higher than German civil service salaries would lead to the conclusion that German pension benefits were higher than United Nations common system pension benefits.

84. The Commission noted that in 1995, it had decided to conduct annual updates of the United States/German total compensation margin. When the Assembly addressed this item in 1997, it had requested the Commission to continue to monitor the situation and report when appropriate. The Commission therefore considered whether it was necessary to conduct annual updates in view of the time and resources required. The next study of the identification of the highest paid national civil service would be fast approaching if the five-year cycle of such studies were to be maintained. Accordingly, it was desirable to establish a schedule that would take account of the need to continue to monitor German/United States total compensation levels and prepare for another cycle of studies to identify the highest paid national civil service.

85. In the context of the next study of the highest paid national civil service, some Commission members considered that it would be essential also to conduct a total

compensation comparison between the United States federal civil service and the United Nations common system. It was recalled that such studies had been conducted annually by the Commission in the 1980s. Furthermore, the Board of Auditors had recommended that such comparisons be reinstituted.

86. The Commission recalled that at the time of its recent German/United States total compensation comparisons, the issue of the impact of exchange rates in the comparison had arisen. On each occasion, it had reviewed information that demonstrated that specific exchange rates had no real impact on the total compensation comparison results. However, some members remained skeptical. It was therefore suggested that the views of ACPAQ be requested.

87. Some Commission members recalled that the total compensation comparison between the United States and German civil services involved a number of controversial aspects, such as the underlying grade equivalencies which continued to be contested by German officials. It was suggested that some of the controversial aspects of these studies could possibly be eliminated by giving consideration to the use of a basket of comparators. It was noted, however, that the selection of specific comparators to be included in the basket would inevitably lead to further controversy. Some Commission members considered that some international organizations could be included in the basket of comparators. The Commission noted that there was a sufficient interest in the basket approach to justify further examination of this approach at the time of the next study of the identification of the highest paid national civil service.

Decision of the Commission

88. The Commission decided to report to the General Assembly that:

(a) Retirement and health insurance benefits and leave and work hours provisions of the German civil service were superior to those of the comparator, the United States, while net salaries in the United States civil service remained higher;

(b) Consequently, the current update of the study to identify the highest paid national civil service had again shown that the current comparator, under the application of the Noblemaire principle, was no longer the best. However, the Commission continued to believe it was not opportune to change the comparator for the reasons previously stated;

(c) It might be concluded, based on the series of German/United States total compensation comparisons conducted in recent years, that the German/United States total compensation difference had narrowed significantly and stood at 108.5;

(d) Annual reporting of the German/United States total compensation margin would be suspended and the Commission would undertake a study, scheduled for 2001, that would include but would not be limited to the following:

(i) Study the use of a basket of comparators for possible application in the United Nations common system context;

(ii) Conduct total compensation comparisons between the United States and other potential comparators, including Germany, according to the criteria laid down by the Commission;

(iii) Conduct a United Nations/United States total compensation comparison.

C. Base/floor salary scale

89. The concept of base/floor salary scale was introduced with effect from 1 July 1990 by the General Assembly in section I.H of its resolution 44/198 of 21 December 1989. The scale is set by reference to the General Schedule scale of the comparator civil service in Washington, D.C. Periodic adjustments are made on the basis of a comparison of net base salaries of officials at the mid-point of the scale (P-4, step VI at the dependency rate) with the corresponding salaries of their counterparts in the comparator civil service (step VI in grades GS-13 and GS-14, with a weight of 33 per cent and 67 per cent, respectively).

90. The Commission was informed that in view of the movement of the federal civil service salaries in the United States of America as of 1 January 1998 (in Washington, D.C.), an adjustment of the common system's scale of 2.48 per cent would be necessary in 1999 in order to keep the base/floor salary scale in line with the comparator's scale.

Views of the organizations

91. CCAQ fully supported the proposal for an adjustment of 2.48 per cent in the base/floor salary scale, reflecting increases in comparator levels, with effect from 1 March 1999.

Discussion by the Commission

92. The Commission noted that the comparator's General Schedule salary scale for Washington, D.C., was increased as of 1 January 1998 by 2.45 per cent on a gross basis. This increase, combined with the effect of tax changes (the comparator adjusted its tax brackets), resulted in a net increase of 2.48 per cent at the P-4, step VI level. The Commission noted that the adjustment in the base/floor salary scale would be effected through the use of the standard method of consolidating post adjustment multiplier points on a no-loss/no-gain basis.

93. The Commission further noted that the issue of the adjustment of the staff assessment rates to address imbalances in the Tax Equalization Fund had been discussed with the United Nations Secretariat. No adjustment was requested by the United Nations at this time. Accordingly, only minor adjustments to the rates of staff assessment for those without primary dependants would be required.

94. With regard to financial implications, if the base/floor salary scale were to be adjusted on 1 March 1999 by 2.48 per cent through the usual method, the impact for the common system would be as follows:

		(United States dollars)
(a)	For duty stations with post adjustment that would otherwise fall below the level of the new base/floor	22 663
(b)	In respect of the mobility/hardship allowance	1 605 000
(c)	In respect of the scale of separation payments	360 279
	Total annual financial implications	1 987 942

Decision of the Commission

95. The Commission decided to recommend to the General Assembly that the current base/floor salary scale for the Professional and higher categories be increased by 2.48 per cent through standard consolidation procedures, on a no-loss/no-gain basis, with effect from 1 March 1999. The proposed base/floor salary scale and associated staff assessment scale are shown in annexes IV and V to the present report.

D. Treatment of expatriation

Introduction

96. The General Assembly, in its resolution 50/208 of 23 December 1995, requested the Commission to examine the possible partial phasing out of the expatriate elements of the margin for staff with long service at one duty station. At its fifty-first session, the Assembly reiterated its request. It requested a report thereon at its fifty-third session.

97. For the consideration of this item, the Commission had before it documentation analysing expatriate elements in the United Nations common system, the comparator civil service, a number of national civil services and international organizations, as well as in the private sector. The analysis showed that provisions for expatriation in the United Nations common system did not compare favourably with those provided by a number of national civil services and private-sector employers, in particular with regard to housing. Documentation presented by CCAQ reviewing the legal consequences of expatriation was also considered by the Commission.

98. It was recalled that the issue of expatriation and the manner in which it should be treated had been previously addressed extensively by a number of review bodies, including the Commission. When the Commission reviewed the remuneration structure in 1985 and 1989, it concluded that the justification for a margin included three considerations, namely: (a) the relatively better position of national, as compared with international, civil services to guarantee stability and security of employment; (b) the more limited prospects of promotion to the highest posts in an international secretariat, as compared to such prospects in most national services; and (c) the fact that a large proportion of international staff members were required to incur additional expense and to make certain sacrifices by living away from their home countries. Over the years, various efforts had been made to quantify the elements covered by the margin. To date, the Commission had been unable to arrive at a specific breakdown of the relative value of the three elements that served as a basis for the margin.

99. The current General Assembly request seemed to imply that the degree of expatriation for staff with long service at one duty station was different from that of staff with shorter

service who had worked at a number of duty stations, and that the problems associated with expatriation for the former group of staff were reduced over time. To address the Assembly's request, a questionnaire on expatriation was sent out to a sample of common system staff members. Staff members were requested to provide some basic information, including how important in their view expatriate activities were in maintaining their links with their home country. The results of the survey showed that there was no discernable decrease in the degree of expatriation over time.

Views of the organizations

100. The Secretary of CCAQ noted that the expatriation issue was central to the concept of an international civil service and the standards to which staff must be held accountable. International civil servants were required to work in a multicultural and multilingual environment, and therefore could not be compared with national civil servants. CCAQ was appreciative of the information provided by the ICSC secretariat, which showed that there could be no logical justification for reducing either the margin or any other entitlements related to expatriation as a result of ongoing service. The impact of expatriation on the lives of staff members and their families did not diminish over time. Moreover, in many respects the costs related to expatriation increased over time. CCAQ supported the finding that the provisions for expatriation in the common system compared unfavourably with those provided by the comparator. CCAQ was convinced that a case could be made not merely to preserve the margin at its current level but to raise it to better reflect the real costs of expatriation. Before any recommendation to revise the margin was made, however, the costs associated with expatriation would have to be quantified. Also, a study of the levels to which the comparator civil service compensated staff who were expatriated should be undertaken. CCAQ expressed two concerns about the current margin: first, the margin was deemed to compensate for three elements, not only for expatriation. These three elements had never been quantified. Second, there was currently no margin at higher grade levels of the scale.

101. CCAQ had already provided the Commission with a preliminary study of the non-cost elements of expatriation in the international civil service. CCAQ looked at this issue from the perspective of the changes in political and civil rights that resulted from living in a country that was not that of one's nationality. Such changes had a very important bearing on the lives of common system staff and their families. For example, children over a certain age could be prevented from living with their parents who were working for the United Nations and were stationed in some countries. Similarly, aged parents might not be able to reside with a staff member living outside of his or her home country. As a result of expatriation, some entitlements might be affected when a staff member and his or her family return to their home country after long periods abroad. For example, children born outside of the home country might have nationality or other restrictions imposed in respect of any children born to them.

102. CCAQ was ready to expand its documentation on this item, perhaps ideally in collaboration with the ICSC secretariat.

103. The representative of the United Nations stressed the relationship that existed between the issue of expatriation and the concept of the international civil service. The view of the United Nations was that expatriation obligations increased over time. The current level of the margin did not address all financial obligations related to expatriation. It was particularly relevant, as had been noted by the Commission and others, that the margin at levels D-1 and above had already disappeared. The United Nations welcomed the work done by the ICSC secretariat and CCAQ on the subject. In addition to financial obligations that increased over the period of service, there were other issues related to legal realities that affected

expatriate international staff. Staff found themselves disenfranchised, excluded from a national social security framework, alienated from the national labour market, alienated from the local labour market, ineligible for mortgage or rental advantages, prevented from acquiring property, obliged to depart their duty station upon retirement and disadvantaged by the impact of expatriation on spouses. These issues should be addressed in the context of political rights, settlement in home country and access to the labour market. There was no logical justification for reducing either the margin or any other entitlement related to expatriation as a result of ongoing service.

Discussion by the Commission

104. The Commission had before it a considerable amount of information on various aspects of expatriation in contrast to the rather narrow request of the Assembly to examine the partial phasing out of expatriate elements of the margin for staff with long service at one duty station. It therefore considered how to approach the Assembly's request.

105. Some members were of the view that it would be necessary to focus on the three factors that the Commission had previously identified as justifying the payment of a margin (see para. 98 above), and to determine the current relevance of those factors. It was considered that the factor reflecting limited prospects for promotion to the highest levels should not be applied to those already at the highest levels. Likewise, the factor reflecting stability and security of employment did not need to be applied to staff with permanent contracts.

106. Others noted that the margin was already limited or non-existent at the higher grades, and any phasing out of the margin at these levels would reduce the net salary of staff at these levels below those of officials in comparable positions in the comparator civil service. They also noted that staff with permanent contracts represented approximately 37 per cent of international staff, and that even they were not immune from current downsizing efforts. It was noted, however, that these elements were not directly related to expatriation, which was the main focus of the General Assembly resolution. The Commission therefore considered that only the expatriate portion of the margin was under discussion.

107. The Commission recalled that its efforts in earlier years to identify the proportion of the margin represented by each of the three factors had not been successful. It further recalled the significant history that had led to the development of the margin range and the level of the desirable margin (see paras. 108 to 112 below). In the final analysis, however, the determination that 15 per cent over the net salary levels of the comparator would be sufficient to account for the three identified factors was determined pragmatically. Accordingly, it did not seem that a detailed examination of each of the three factors with a view towards quantifying them individually, to determine the amount represented by the expatriation factor, would be any more successful today than it had been in the past.

108. If, however, the Commission's review were to be limited to the narrow context of the Assembly's request, the question of the application of the margin to non-expatriates seemed an appropriate starting point. The Commission recalled that it had addressed this issue in the past, and had considered the establishment of either a separate expatriation allowance or of degrees of expatriation in the margin.[5] It did not pursue this approach, however, noting that at any given time, 90 per cent of the international staff served outside of their home country. Reducing the salary of the remaining 10 per cent of staff who were considered to be non-expatriates but who did not always fall in that group throughout their careers, would introduce a flaw in the application of the Noblemaire principle.[6]

109. It was noted that the Assembly had not addressed the issue of the application of the margin to non-expatriates in its request. Some members considered that it would be important to obtain the Assembly's views on this issue before proceeding to other aspects

of the current exercise. These members noted that although non-expatriates represented 10 per cent of the overall common system international staff, there was a significantly higher percentage of them at some duty stations, particularly at some headquarters locations. Other members considered that if the margin were viewed as a premium for international service, the application of the margin to non-expatriates would be appropriate. These members recalled that the Commission had reached this conclusion in 1989.[6] It was further noted that the possible reduction/elimination of all or part of the margin for non-expatriate staff would raise the issue of equal pay for equal work and the related issue of acquired rights. Furthermore, although it was commonly understood that an expatriate was someone who was not a national of the country of his/her duty station, it was not clear that the staff rules of the organizations of the common system were consistent in this regard.

110. Other members considered that it would be necessary to broaden the scope of the Assembly's request by reviewing the entire range of expatriate benefits applicable in the United Nations common system and the comparator service. Such an exercise would also require examining the pensionability of expatriate elements in the remuneration system. The Commission had information before it that compared housing for expatriate staff of the comparator and staff of the common system at equivalent grades at numerous locations around the world. The data showed the comparator's housing element to be significantly above that of the common system since it was provided free of charge to staff of the comparator, while there was no similar provision for common system staff. The Commission recalled that it had conducted comparisons in the late 1980s between the comparator and the common system of expatriate and non-expatriate elements of remuneration. These comparisons showed that the comparator staff had a significant advantage over those of the common system. It was considered, however, that these studies were too dated to be useful in the current review. It was also pointed out that unlike indefinite expatriate assignments in some organizations of the United Nations common system, expatriate assignments in the comparator's service were normally limited to three to four years. Accordingly, if this approach were to be pursued, it would be necessary to collect and analyse a wide range of data that were not currently at hand.

111. The Commission noted that since the time of its early studies, the world had changed significantly. For comprehensive consideration of this item, an assessment of the impact of globalization and new technologies on expatriation would be required. Today's expatriate had access to instant worldwide communication, permitting access to a host of home country information and contact with relatives and others. The role of the information superhighway in the daily life of an expatriate must be seen as relevant in a study of this item. In addition, a study on expatriation should take into account the effect on families and spouses, especially in view of the worldwide growth of two-income families, and of the fact that many spouses of common system staff were unable to obtain employment owing to host country restrictions.

112. The Commission also considered whether the degree of expatriation changed over time. It recalled that it had also addressed this issue previously,[7] and had concluded that although some staff might adjust to the local environment over time, that was certainly not the case for all less mobile expatriate staff. It noted information showing that in recognition of the continuing degree of expatriation, two thirds of employers and national civil services, including the current comparator, did not reduce expatriation benefits over time. It also noted that the system of coordinated organizations reduced the expatriate allowance for those staff with more than 10 years of service from 18 to 15 per cent of applicable salary.

113. The Commission also reviewed the results of the questionnaire referred to in paragraph 96 above. The Commission noted that 902 staff members had been randomly selected to participate in the survey, and that 415 of them had provided usable information. It was noted

that the response rate was considered excellent given a boycott of the survey by one staff association. The survey results showed that the responses of staff with long service at a given duty station did not differ significantly from those provided by staff who were at their present duty station for a fairly short period of time. It could therefore be inferred that there was no decrease in the degree of expatriation over time.

114. Some Commission members considered that the survey was biased since those surveyed would be directly affected by whatever conclusions the Commission reached. They further considered that certain expatriate problems, such as linguistic difficulties, lessened over time. Others considered that expatriate staff represented a source of expertise whose perspective was invaluable, and that it would have served no purpose to inquire from those that had no expatriate experience. The significant response rate of the survey, in the face of a staff association boycott, seemed to demonstrate the importance of the issue to these staff members.

115. The Commission was provided with some information that demonstrated the additional costs and disadvantages associated with expatriate service, including the inability to acquire real estate; higher costs related to purchase of home country newspapers, food, etc., access to television programmes; more frequent visits to ageing parents; and spouse employment and family-related difficulties. With regard to the issue of ageing parents, spouse employment and family-related difficulties, some Commission members considered that this represented a key aspect of expatriate service, which required extensive analysis that was not currently available in the documentation.

116. The Commission noted, however, that expatriate service was not devoid of advantages. Expatriate service resulted in experience that was considered highly desirable by private and public sector employers. Expatriate status brought with it an improvement in conditions for many staff vis-à-vis home country conditions. Expatriate status was a choice that was generally made despite the disadvantages.

Decision of the Commission

117. The Commission decided to report to the General Assembly as follows:

(a) It had examined the possible phasing out of the expatriate elements of the margin for staff with long service at one duty station. Noting that this and related issues had been addressed previously, it recalled that in 1985 it had reported to the Assembly that:

> "... there had been general agreement on the importance of maintaining a reasonable margin above the level of civil service salaries of the highest paying country in order to attract and retain citizens of that country. As for the quantification of those factors, attempts had been made earlier, in particular by ACC, to assign specific values to individual factors. However, no clear rationale had ever been presented for the specific values proposed. The Commission was of the view that it would be impossible to quantify those factors individually as the relative importance of each factor was bound to vary considerably from duty station to duty station and from one individual to the other. In view of these factors the Commission decided to approach the various questions relating to the margin in the context of historical perspective";[8]

(b) It further recalled that the level of the desirable margin and the margin range had been established at that time on a largely pragmatic basis;[9]

(c) The Commission considered that it did not have all the quantifiable elements and other information necessary to ascertain the degree to which the expatriate elements of the margin could possibly be phased out for some staff;

(d) It noted that additional aspects of the issue went beyond the Assembly's specific request, that is, the application of all aspects of the margin to non-expatriate staff. It was noted that additional research would be required;

(e) It could not justify a change, at this time, from the decision it reported to the Assembly in 1985 as reported in subparagraph 117 (a) above.

E. Dependency allowances

118. In 1992, the Commission decided that the existing methodology for the determination of dependency allowances for the Professional and higher categories should be maintained, i.e., that allowances should be determined on the basis of tax abatements and social security payments in the countries of the seven headquarters duty stations. The General Assembly, in its resolution 47/216 of 23 December 1992, had noted the Commission's decision to review the level of dependency allowances every two years so as to ensure that all relevant changes in the tax and social legislation for the countries concerned were taken into account.

119. For the current 1998 review, the Commission had before it the details of the percentage change required in the children's and secondary dependant's allowances based on changes in the tax abatement and social legislation for the seven headquarters duty stations between 1 January 1996 and 1 January 1998.

Views of the organizations

120. CCAQ concurred with the proposal to increase the children's and secondary dependants' allowances to reflect the 14.6 per cent increase in the value of tax abatement and payments under the social legislation applicable at the seven headquarters duty stations. CCAQ noted that the organizations had started to look at the implications for common system entitlements in view of the advent of the Euro currency in 1999. The children's and secondary dependants' allowances were expressed in a number of European currencies, and would thus be affected by the introduction of the Euro. CCAQ suggested that attention might be given to the simplification of entitlements for dependants, including the use of single and dependent rates of the salary scale.

Discussion by the Commission

121. The Commission noted that the 1998 review had been undertaken using the methodology that had been established for biennial reviews. Members considered that there was a need to examine the basic rationale for and scope of dependency allowances. It was recalled that the Commission had decided to review the methodology every five years. The appropriate time for the examination of the rationale and scope would be when a review of the methodology took place.

122. The relationship between the single and primary dependant rates of the base salary scale and the children's allowance was addressed. The Commission noted that the differentiation in the base salary scale between single staff and staff with a primary dependant was based on taxation differences between single and married taxpayers (with no children). The basis for the determination of the children's allowance, on the other hand, was the tax abatement and social security payments for children.

123. The Commission noted that the issue of the Euro currency would need to be addressed at the time of the next methodology review of this item.

Decisions of the Commission

124. The Commission decided to recommend to the General Assembly that:

(a) The children's allowance be increased to reflect the 14.6 per cent increase in the value of tax abatements and social legislation payments at seven headquarters duty stations that occurred between January 1996 and January 1998. Consequently, the revised annual amounts for duty stations in the United States and in countries where dependency allowances are fixed in United States dollars, would be US$ 1,730 for the children's allowance and US$ 3,460 for the disabled children's allowance;

(b) The secondary dependant's allowance also be increased by 14.6 per cent, resulting in a revised annual amount of US$ 619 for duty stations in the United States and in countries where dependency allowances are fixed in United States dollars;

(c) The current list of duty stations where the allowances are payable in local currencies be maintained. The applicable local currency amounts of the children's and secondary dependant's allowances at those duty stations should also be increased by 14.6 per cent (for the resulting amounts of these allowances, see annex VI);

(d) Dependency allowances payable to eligible common system staff be reduced by the amount of any direct payments received from a Government in respect of dependants;

(e) The revised dependency allowances listed in subparagraphs 124 (a), (b) and (c) above become effective as from 1 January 1999.

125. The financial implications of the Commission's recommendations in respect of the level of children's and secondary dependant's allowances were estimated at US$ 3,404,000.

F. Post adjustment matters

1. Post adjustment at the base of the common system

126. In section I.B, paragraph 3, of its resolution 50/208 of 23 December 1995, the General Assembly requested the Commission to address the concerns raised by Member States in the Fifth Committee regarding the operation of the post adjustment system, including, *inter alia*, the issue of the post adjustment at the base of the common system. The Assembly reiterated that request in section I.E, paragraph 4, of its resolution 51/216 of 18 December 1996, and requested the Commission to report thereon to the Assembly at its fifty-third session.

127. The Commission was informed about the discussions that took place in the Fifth Committee at the fiftieth and fifty-first sessions of the General Assembly on the issue of post adjustment at the base of the system, which had given rise to the above-mentioned request. Some members of the Fifth Committee had been concerned about the operation of the post adjustment system at the base. Believing that post adjustment increases at the base were automatic and that the Assembly had no direct role in their implementation, they were under the impression that these adjustments at the base might be triggering automatic increases in post adjustment at all other duty stations. The request sought to address a further concern, which was to ensure that the operation of the post adjustment system at the base by the Commission resulted in maintaining the United Nations/United States margin relativities without any double counting.

128. In view of the concerns of some Member States as outlined above, the Assembly was of the view that consideration would need to be given to the elimination of post adjustment at the base as a possible solution.

Views of the organizations

129. The representative of CCAQ stated that the organizations' views on this matter had been communicated to the Commission at its spring 1997 session following consideration of the matter by ACPAQ. He noted that there had not been any significant developments relating to this subject since. He pointed out that one of the problems regarding the subject was that it tended to take on as much a political as a technical dimension. Nevertheless, there were important technical considerations to which he would draw attention and which he hoped the Commission would be able to bring to the attention of the General Assembly. He recognized that this was not an altogether easy task; it was sometimes difficult for the Assembly to understand why there was post adjustment at the base of the system. The job for the Commission might therefore be as much educational as it was technical. The Assembly's concerns about this matter were made at a time when there was concern about the management of the margin. In the Committee's view, the current level of the margin confirmed that it was being managed effectively and there was no need for any additional controls over the post adjustment system. It was important to reconfirm that the responsibility for classification of duty stations for the purpose of applying post adjustment remained wholly that of ICSC in accordance with article 11 of the statute of ICSC. Any revision of this attribution of responsibility would require amendment of the statute, which the organizations would not support. CCAQ could neither support not having post adjustment at all in New York nor adjusting salaries in New York through a mechanism other than that of the normal post adjustment system. The first of the above-mentioned alternatives would lead to enormous additional costs as a result of bringing the post adjustments of all locations that were below the current New York post adjustment level up to that of New York, and the second alternative would lead to a complex breakdown of the post adjustment system because the maintenance of purchasing power parities would be severely disrupted.

130. The representative of the United Nations noted that the matter should be addressed in the context of two dimensions – a technical one and a statutory one. From a technical perspective, it was imperative to note that the removal of post adjustment from the base could result in the breakdown of the post adjustment system as a whole, because revisions to post adjustment classification worldwide would be subject to constant revisions to account for changes made at the base, that is, New York. The removal of post adjustment from the base of the system would also have implications for locations with multipliers lower than New York. Those locations would either have to be classified at the same level as the base, or negative multipliers would have to be implemented. This could result in either (a) enormous additional costs as a result of bringing all locations currently below New York post adjustment level up to that level, or (b) the implementation of negative post adjustments, which would have severe implications for the morale of the staff. The removal of the post adjustment at the base would thus result in compromising the principle of maintaining equal purchasing power of common system salaries, and would also have statutory repercussions since under article 11 (c) of its statute, the Commission had the responsibility for determining post adjustment classifications worldwide. He noted that the organizations and the specialized agencies had joined the common system based on the provisions of the statute of ICSC, and that the reported departure of the World Trade Organization (WTO) from the common system could well presage the dismantling of the common system if the ICSC statute were to be amended to permit such a fundamental change in the common system's

remuneration system. Any revision of this attribution of responsibility would require amendment of the statute of ICSC, which the United Nations would not support.

Discussion by the Commission

131. In its consideration of the Assembly's request, the Commission felt that an explanation of the operation of the post adjustment system at the base and as it related to margin management would serve to allay misunderstandings that had arisen from time to time in the past. Those explanations are provided below.

Operation of the post adjustment system at the base within the margin range

132. In 1984, when the General Assembly had become concerned about the level of post adjustment at the base, it had requested the Commission, in its resolution 39/27 to submit recommendations on a specific range for the net remuneration margin and a procedure that would enable the Commission to ensure that the post adjustment system operated within the framework of that defined margin range. On the recommendations of the Commission, the margin range of 110 to 120 had been established and the procedures for operation of post adjustment within that range were set up. Post adjustment increases at the base were granted only on the basis of the procedures for operating the post adjustment system within the margin range. These procedures included mechanisms for freezing post adjustment at the base whenever it was determined that an increase in the post adjustment at the base would result in the margin going above the margin range. Consequential action to adjust post adjustment indices at other duty stations to maintain purchasing power relativities between New York and other duty stations was also a part of these procedures. These procedures have continued to produce the desired results as shown by the United Nations/United States net remuneration margin figures for the last 10 years (1987–1997) (see annex VII).

133. The Commission thus felt that although it did not submit to the General Assembly formal recommendations on post adjustment classifications, including at the base, the Assembly nevertheless exercised effective control through the margin mechanism, not only over the level of post adjustment and consequently the net remuneration at the base but also at all other duty stations. Noting also that the Commission had sought the Assembly's approval of the methodology for calculating the margin, which effectively controlled the level of post adjustment at the base, the Commission concluded that there was, as such, no automaticity with respect to post adjustment increases at the base.

Post adjustment increases at the base and at other duty stations

134. On the subject of the relationship between post adjustment increases at the base and other duty stations, it was noted that the post adjustment index for New York was updated over time by the United States Bureau of Labor Statistics consumer price index, and the remuneration in New York was adjusted periodically through the application of the post adjustment system using the revised index. From an operational standpoint, post adjustment increases at the base and at other Group I duty stations either became due after a 12-month period or following a 5 per cent movement in the index, whichever came first (known as the 12-month/5 per cent rule). An increase based on this rule at the base, however, was granted only after it had been determined that such an increase would not result in breaching the margin range. Such increases, members noted, were confined solely to New York, and were not automatically transferred to other duty stations. Cost-of-living relativities between the base and other duty stations were determined when place-to-place price comparison surveys were carried out, and subsequently each Group I duty station would have to qualify

on its own under the 12-month/5 per cent rule before it could receive an increase. Similar procedure was also applied for all field duty stations. Such increases would, however, be subject to any action that might have been taken to constrain a post adjustment increase at the base, as might be necessary on the grounds of margin considerations. For example, if a post adjustment increase of 5 per cent had become due in New York under the 12-month/5 per cent rule but was not granted because of concerns for the margin, then all prospective increases at other duty stations would be adjusted downwards in the same proportion.

Relationship between New York multiplier and the margin

135. The Commission next turned its attention to the issue of any possible distortion in the procedures used for establishing the post adjustment index for New York. In that context, it noted that some misunderstanding appeared to have arisen in the minds of some Member States with respect to the magnitude of the post adjustment multiplier (post adjustment index minus 100) applicable for New York and its relationship to the salaries of United States federal civil servants in Washington, D.C., in the context relative to the margin. Those Member States had repeatedly pointed out that, if the base/floor salary scales of the United Nations officials were equal to their counterparts in Washington, D.C., then allowing for approximately 15 per cent cost-of-living differential between New York and Washington, D.C., and a 15 per cent margin, the multiplier in New York should be closer to 30. The actual multiplier in New York, however, was higher than this. This concern was a point of discussion, and in fact might have been one of the factors prompting the General Assembly to request the Commission to address the issue of the post adjustment at the base of the common system at its fiftieth session in 1995. The Commission was informed that a step-by-step explanation, with examples, for the difference between the actual multiplier in New York and the theoretical one resulting from the cost-of-living differential and the margin, had since been provided to the Member States during informal consultations. The same explanation is provided in annex VIII to the present document, which demonstrates that the multiplier in New York is in no way exaggerated in relation to the base/floor salaries.

136. After examining the procedures involved in margin calculation, the Commission was satisfied that the actual net remuneration amounts resulting from the application of the rebased post adjustment index for New York and the corresponding post adjustment multiplier (post adjustment index minus 100) had been correctly calculated and applied in the determination of the United Nations/United States margin.

Monitoring the system

137. In the exchange of views on the management of the post adjustment system, members observed that the system dealt with place-to-place price relativities, local inflation rates and exchange rate movements that were continually changing over time and across some 200 duty stations. Such a system needed regular monitoring to ensure that post adjustment relativities were maintained at the proper level. Recognizing this need, the Commission had delegated that function to its Chairman. The Commission had noted that while exercising its statutory responsibility to decide on post adjustment classifications at all duty stations, it had at the same time kept the General Assembly regularly and fully informed of developments concerning post adjustment, specifically as related to the base, New York, through its annual report on the United Nations/United States net remuneration margin.

138. In conclusion, the Commission noted that:

(a) Post adjustment increases at the base were directly linked to developments in the comparator civil service and margin management, which was the mechanism by which

the General Assembly exercised control over the level of remuneration at the base and throughout the common system;

(b) Post adjustment increases at the base were confined to New York, and were not automatically passed on to other duty stations. Benchmark cost-of-living relativities between the base and other duty stations were established at the time of place-to-place price comparisons, and were maintained by way of time-to-time adjustments;

(c) Elimination of post adjustment at the base would mean that the management of the post adjustment system would be outside the control of the Commission, which was the technical body mandated with the responsibility for its operation by all organizations of the common system;

(d) Elimination of post adjustment at the base might entail amendment of the Commission's statute.

139. Members of the Commission felt that attention needed to be drawn to the fact that the current salary system, besides base/floor salaries and post adjustment, included several other interdependent elements relating to benefits and allowances. The Commission recalled the conclusion of ACPAQ that if post adjustment were to be eliminated at the base, it should be considered only in the context of a revision of the entire salary system.

Decisions of the Commission

140. The Commission decided to inform the General Assembly that after careful examination of the request contained in Assembly resolutions 50/208 and 51/216 with respect to post adjustment at the base and after taking into account all its implications, it had concluded that:

(a) The current system of net base salary plus post adjustment at the base was still the most appropriate way to ensure that the margin remained within the range of 110 to 120 and around the desirable mid-point of 115 over a period of time;

(b) The existing technical measures for operating the post adjustment system within the approved margin range were producing the desired results.

2. Preparations for the next round of place-to-place surveys: methodological issues to be reviewed by the Advisory Committee on Post Adjustment Questions

141. The Commission was informed that the next full round of place-to-place cost-of-living surveys at the headquarters duty stations and Washington, D.C., was planned for the year 2000. It was proposed to the Commission that specific aspects of the application of the cost-of-living methodology be reviewed prior to the commencement of the surveys. The specific methodological issues concerned further simplification of the structure of the post adjustment index, procedures for the selection of outlets where prices were collected, use of alternative sources of data for calculation of expenditure weights, use of rent data from external sources, an assessment of any possible impact of the introduction of the Euro in selected countries of the European Union on post adjustment and the transparency of the post adjustment system. The Commission noted that ACPAQ was scheduled to hold its twenty-second session in September 1998. The Commission therefore decided to place the above-mentioned methodological issues pertaining to the conduct of cost-of-living surveys on the agenda for the forthcoming session of ACPAQ. Other issues dealing with specific operational aspects of the post adjustment system, including the treatment of domestic service costs for field duty stations, developments relating to the use of data from external sources for headquarters and other similarly situated duty stations and special measures for abrupt devaluation of local currency, were also on the ACPAQ agenda.

3. General Assembly request concerning post adjustment at Geneva contained in its resolution 52/216

142. In its annual report for the year 1997, the Commission submitted to the General Assembly a comprehensive report outlining a number of issues of a legal, administrative and technical nature associated with the establishment of a single post adjustment for Geneva that were brought to the Commission's attention by the Geneva-based organizations. Detailed views of those organizations on this issue, along with those of the United Nations Legal Counsel, were annexed to the Commission's annual report.[10]

143. Following its examination of the information provided by the Commission, the General Assembly, in section I.D of its resolution 52/216 of 22 December 1997:

(a) Welcomed with appreciation the extensive information provided by the International Civil Service Commission and the organizations of the common system, as contained in the report of the Commission;

(b) Noted that a number of elements had been raised that had not previously been reported upon or discussed by the General Assembly;

(c) Requested the Commission to review those elements, *inter alia*, the possibility for staff members of the United Nations common system (a) to reside in France; (b) to travel to France; and (c) to transport goods between France and Switzerland, and the way in which transitional measures would be introduced under any option proposed by the Commission and approved by the General Assembly, so as to make the application of the post adjustment system more equitable for all staff members whose duty station was Geneva, and to report thereon to the Assembly at its fifty-third session;

(d) Invited the executive heads to bring the matter to the attention of their governing bodies with a view to considering changes, as necessary, to their staff regulations and rules.

144. Acting upon this request from the General Assembly, the Chairman of the Commission wrote to the common system organizations based at Geneva, seeking their assistance in obtaining the information requested by the General Assembly as outlined in paragraph 143 (c) above. Following its review of the information provided by the Geneva-based organizations and the way in which transitional measures would be introduced, the Commission would have been in a position to report to the General Assembly at its fifty-third session.

145. Based on consultations with representatives of the specialized agencies at Geneva, the United Nations Office at Geneva (UNOG), the lead agency for the purposes of, *inter alia*, the coordination of all aspects of the post adjustment system, provided a consolidated reply (see annex IX). The World Meteorological Organization (WMO) provided information along the lines of the UNOG reply. After a review of the information received, it was felt that additional information was needed for the Commission to be in a position to respond fully to the General Assembly's request. The Geneva-based organizations were again approached with a request for specific information on:

(a) Nationalities that do not have any difficulty in residing in France;

(b) Nationalities that may reside in France with a special permit;

(c) Nationalities that may visit France without a visa but cannot reside in France;

(d) Nationalities that may visit France on:

(i) Only a single entry visa;

(ii) A three-month multiple entry visa;

(iii) A multiple entry visa for longer than three months;

(e) Nationalities that are not normally allowed to visit France;

(f) Number of staff from all the organizations in Geneva in each of the above groups.

146. UNOG sought to obtain input from various organizations at Geneva, and received responses as described below. The World Health Organization (WHO), ILO and the International Trade Centre (ITC) provided data on the numbers of their Professional staff stationed in Geneva, by nationality. The ILO indicated that it was not possible to provide any of the other information requested since the country of residence was an entirely personal matter and ILO had not been informed of any visa requirement problems faced by individual staff members. WMO replied that it was not in a position to provide the information requested, and suggested that such information should be obtained from the French authorities. The International Telecommunication Union (ITU) stated that it did not have the information requested, and similarly indicated that the French authorities should be contacted for the information.

Views of the organizations

147. The Chairman of CCAQ noted that the information requested by the General Assembly had been provided by the organizations. He recalled that the Assembly had already been provided with extensive information indicating that in addition to the complex technical and legal difficulties associated with the establishment of a single post adjustment index for Geneva, which would include prices collected in the neighbouring areas of France, there were also political, practical and administrative questions.

148. The representative of the ILO pointed out that while certain information had now been provided to the ICSC secretariat, the Geneva-based organizations were not the proper channel through which information about French long-term visa or residency requirements should have been sought by the Commission. The ICSC secretariat should have sought this information directly from the French Government or its relevant authorities. If necessary, the ILO would be willing to help the Commission to obtain further information. It appeared that there was a certain amount of decentralization of responsibility to the local French prefectures for long-term visas and residency permits. The two prefectures directly concerned did not have common procedures or provisions, nor did they take the same positions on requests for visas/residency permits. Since those issues would need to be checked carefully, further time would be required for investigation. He recalled that considerable information concerning the Geneva post adjustment issue, in the form of detailed oral and written comments by the Geneva-based organizations, had already been submitted to the Commission on earlier occasions. He referred in particular to information provided by those organizations contained in annexes VII to XIV of the Commission's 1997 annual report. The ILO invited the Commission to review that material, which it deemed was most germane to the discussion at hand and should not be lost sight of in the discussion that had arisen over the request for further information about visa/residency requirements in France. The ILO representative stated that the ILO governing body had been kept informed of the matter, so that it would be in a position to take appropriate action, as necessary.

149. The representatives of WMO, ITU and the World Intellectual Property Organization (WIPO) associated themselves with the statement of the ILO. The representative of WMO informed the Commission that WMO had always cooperated and furnished information requested from it. It had already informed the Commission of the number of its staff residing in France. However, to give an analysis of this figure into various categories of difficulties these staff members faced in obtaining the French visa could not be provided since that

information was not available. As regards the United Nations General Assembly request to consider the necessary changes in staff regulations, he informed the Commission that in WMO, only its Congress had the authority to amend regulations and the Congress session was held once in four years. The matter would be presented to the Congress at its next session. He affirmed that the matter of post adjustment at Geneva under consideration affected both staff living in France and staff living in Switzerland. The representative of ITU noted that although certain staff members had been permitted to reside in France, they continued to be served with income tax declaration forms since France had not ratified the Convention on Privileges and Immunities of the Specialized Agencies. Those staff members were also subject to local taxes and rates that were not paid by their colleagues at Geneva. He observed that that aspect of the issue had not been considered in previous discussions of the Geneva post adjustment. Residency in France was a matter of individual choice driven by the desire to find better living arrangements in terms of housing, and the choice was not based on any price advantage on the French side of the border. The issue of residency and foreign populations in France was also rather complex and highly politicized. The representative of WIPO observed that price levels in the border areas of France were catching up with those at Geneva, and that as such, any anticipated savings might in reality not materialize. He also pointed out that there were legal consequences to including non-Swiss outlying areas in calculating the cost of living allowance.

150. The representative of the United Nations stated that the post adjustment system should equalize the purchasing power of the remuneration of staff at all duty stations, irrespective of the location of the duty station. As such, any recommendation on the matter must be defensible from both a technical and a legal standpoint. Otherwise, the recommendation would be questionable.

Discussion by the Commission

151. The Commission recalled that when it considered the issue of a single post adjustment for Geneva, it had provided the General Assembly with detailed information regarding the technical, legal and administrative difficulties related to this matter. The Commission took note of new information provided by the organizations. This information showed the difficulties involved in obtaining visas by staff of many nationalities, with the exception of nationals of the European Union and the European economic area.

152. Moreover, the issuance of a visa or authorization to reside in France seemed to depend largely on the nationality of the particular staff member. The Commission also noted that as a result, even though the issuance of a visa came under a well-defined regulation scheme, it was actually left to the discretion of the administrative and diplomatic authorities. The Commission took note of the information provided by the representative of the ILO concerning a situation where two different French prefectures were involved that treated the requests differently.

153. The Commission recalled that the request from the General Assembly had arisen out of a desire to ensure that place-to-place surveys conducted at all headquarters duty stations were fully representative of the cost of living of all staff working at the duty station. The Commission further recalled that it had examined various options, and had focused its attention on the following two alternatives suggested by ACPAQ:

(a) To establish a single post adjustment index for Geneva based on the pricing surveys conducted where staff were actually living (i.e., in the city of Geneva, elsewhere in the Canton of Geneva or in the Canton of Vaud and in contiguous France), weighting those data by the numbers of staff members at each location, as had been done in respect of New York City or other headquarters duty stations;

(b) To establish two post adjustment indices in respect of staff working at Geneva:

(i) One for those residing at Geneva or elsewhere in Switzerland;

(ii) Another for those residing in France.

Either of these approaches, it was pointed out at the time, had attendant technical and legal and administrative difficulties. As was also noted at the time, the fact that one of the member States concerned had neither ratified the Convention on Privileges and Immunities of the Specialized Agencies nor signed headquarters agreements with the organizations based at Geneva meant that any change in the existing arrangements could also penalize one or more groups of staff members.

154. In the search for a resolution of this matter, a member of the Commission suggested that in future the comparison of prices between Geneva and New York involve prices collected only in Manhattan. Such an adjustment to the methodology appeared to him to offer the only way out of the difficulty. It was indicated that such a procedure could affect many other duty stations, and would not properly reflect the actual cost of living in New York.

155. The Commission noted the views of the organizations that the situation of the extremely high post adjustment at Geneva relative to the base had narrowed considerably because of a number of factors since the request was first received by the Commission. As of 1 August 1998, the differential was just 6.6 per cent. In view of this trend in the post adjustment relativity between Geneva and the base of the system, it was felt that there was currently no benefit to be derived in pursuing the matter further. The Commission was informed by its secretariat that the narrowing of the post adjustment between New York and Geneva was the result of the strengthening of the United States dollar vis-à-vis the Swiss franc, and should there be a weakening of the United States dollar, the situation would revert to that which existed when the above request was made.

Decision by the Commission

156. The Commission decided to inform the General Assembly that it had made a conscientious effort to deal with the issue of establishing a single post adjustment index for Geneva that would be fully representative of all staff working at the duty station. However, as it had informed the Assembly in its reports on the matter, there remained complex technical, legal and administrative difficulties that currently mitigated against the establishment of such an index. It wished to draw the attention of the Assembly to the detailed report on the matter that it had provided the Assembly in its 1997 annual report, and to the information contained in the annexes to that report[10] which had been provided by the Geneva-based organizations.

157. The Commission would continue to monitor the evolution of post adjustment in Geneva in the light of future developments, including the introduction of the Euro in selected countries of the European Union.

Chapter V

Remuneration of the General Service and other locally recruited categories: decision of the International Labour Organization Administrative Tribunal on the General Service salary survey in Rome

158. At its summer 1992 session, the Commission reviewed the methodology for conducting surveys of best prevailing conditions of employment at headquarters duty stations. In that context, the Commission decided to discontinue inclusion of the language factor at the time of the next survey at duty stations where the local language was not one of the working languages of the organizations. The Commission further decided that should the decision lead to a salary freeze, it would consider a phased approach to the elimination of the element.[11] The General Assembly, in its resolution 47/216, section III, para. 2, took note of all changes that the Commission had proposed in the methodology, and in effect endorsed them. The revised methodology was applied to the November 1994 survey of General Service salaries in Rome, and the Commission decided that the 4 per cent language factor previously applied should be phased out at an annual rate of 1 per cent, starting in November 1994.[12]

159. Four members of the General Service staff of FAO (who in effect were acting for all similarly situated staff members) thereupon challenged various aspects of the 1994 survey in the ILO Administrative Tribunal, including the phasing out of the language factor. The Director-General of FAO defended his organization's implementation of the salary scale established by the Commission on the grounds that although FAO disagreed with the Commission's decisions on all the matters under challenge, it considered that the Commission had acted legally within the scope of its authority, and that therefore FAO, as a participant in the common system, was required to comply with those decisions.

160. In its judgement 1713 of January 1998 the ILO Administrative Tribunal first of all rejected the other contentions of the complainants, namely, that the timetable for the 1994 Rome survey had been improperly established and was faulty, and that the applicable methodology had been breached in basing the scales on average figures of pay for the comparable employers in Rome, rather than on the minimum and maximum figures.

161. Regarding the challenge to the elimination of the language factor, the Tribunal pointed out that this did not concern the application of the 1992 revised general methodology but rather the legality of the pertinent provision of that methodology, as revised in 1992. In its submission, the Commission had pointed out that payment of the language factor was not necessary for the recruitment or retention of linguistically qualified staff. The Tribunal concluded that this argument was irrelevant, because under the Flemming Principle, General Service staff should have pay and other terms of employment that matched the best on offer at the local duty station.[13]

162. The Tribunal then opined that it should have been easy enough to determine whether or not local employers did pay a bonus to such staff that were required to work in languages other than Italian, and pointed out that at least one employer had indicated that it paid a bonus of 3 per cent in such cases (although complainants had provided this information to the Tribunal, the Commission had not collected data on this matter, and could therefore not verify the information). It concluded that since data had not been methodically collected on the general payment of such bonuses, it would have been "reasonable" to keep a small adjustment (i.e., such as the language factor) to account for that fact. The Tribunal therefore

set aside the FAO Director-General's decision, taken in compliance with the Commission's recommendation relating to the 1994 Rome survey, as concerned the reduction of the language factor. In accordance with the Tribunal's statute, to which FAO has submitted, FAO was required to comply with the judgement. In order to assist the Rome-based organizations in complying with the Tribunal's mandate, the Commission's secretariat has provided them with revised salary scales, taking into account the requirement to retain the language factor.

163. In the light of judgement 1713, the Commission was presented by its secretariat with the following two options as possible amendments to the paragraph in its revised methodology dealing with the language factor:

(a) Restoration of the pre-1992 text;

(b) Replacement by a text requiring that in cities where the local language was not a working language of the organizations, employers be carefully surveyed to determine what, if any, bonus or other payment they made to those staff members who were required to work in a working language of the organizations, and that the results of such a determination be appropriately reflected in the pay scales established by the survey.

164. During the 1996 survey at Vienna, the Commission had collected data from the employers surveyed on the payment of bonuses for use of languages other than German. Those data showed that the majority of employers required its staff, or staff in certain positions, to have knowledge of and work in an additional language. No premium was paid, however, by any of the employers. Consequently, the Commission decided to also phase out the language factor in Vienna. The Commission was informed that staff of the Vienna-based organizations had challenged, in both Administrative Tribunals, the phasing out of the language factor at Vienna.

Views of the organizations

165. The representative of CCAQ informed the Commission that further cases in respect of the phasing out of the language factor at Vienna were pending with the two Administrative Tribunals. The Tribunals were likely to reach further conclusions that would be of importance to the Commission in its review of this matter. While the Committee appreciated the importance of clarifying these matters before the next round of surveys, it noted that the next surveys in Rome and at Vienna were not expected before the year 2001 and 2002, respectively. The resolution of the matter should therefore be postponed until a later date, when the conclusions of the Tribunals would be known.

166. The FAO representative supported the Committee's proposal. However, if the Commission had to take a decision on the two options presented, FAO preferred restoration of the pre-1992 text of the methodology.

167. The representative of the International Atomic Energy Agency (IAEA) also supported the Committee's statement. He also noted that employees outside and within the common system at Vienna were required to work in only one language. Therefore, under the Flemming Principle, there was no need for a language factor.

168. The United Nations representative noted that the jurisdiction of the ILO Administrative Tribunal did not extend to his organization. However, in the case of Rome, where there were only a few United Nations staff members, the Organization would probably follow the lead agency (FAO) on this matter and adhere to the judgement. With regard to Vienna, where the Commission had also decided to phase out the language factor, the United Nations had decided to refrain from taking action. Furthermore, the situation at Vienna was different because the specific question had been asked; the ILO Administrative Tribunal could reach

a different decision. In the event that the Tribunal were to reach a similar decision at Vienna to that reached in Rome, the staff members of the United Nations would have to file appeals with the United Nations Administrative Tribunal, because the United Nations, in that case, would not adhere to the ILO Administrative Tribunal judgement. The United Nations stood behind the Commission's original decision regarding the phasing out of the language factor.

Discussion by the Commission

169. The Commission recalled its decision of 1992 to phase out the language factor in the two headquarters duty stations of Vienna and Rome, where the local languages were not working languages of the organizations. The rationale for that decision was that the knowledge of one of the working languages of the organizations was considered an essential, not an additional, qualification. The Commission emphasized that a basic requirement for any job within an organization was oral and written fluency in at least one of its working languages, and that such knowledge was not to be misconstrued as an additional qualification for which a separate payment needed to be made.

170. The Commission noted the Tribunal's conclusion that at the time of the 1994 Rome survey, ICSC should have asked outside employers whether or not they paid a bonus to their staff who were required to work in a language other than Italian. Members of the Commission noted that in Rome, both employees outside the common system and common system staff members were required to work in one language (the outside employees were required to work in Italian and the United Nations common system staff, in one of the working languages of the organization). Since both groups of employees were required to work only in one language, there was no need, consistent with the basic tenet of the Flemming Principle, for an additional compensation for the language factor.

171. The Commission also recalled that during the survey, it had matched comparable jobs. The focus of the job matching had been on duties and responsibilities, and not on languages. In accordance with the methodology, benchmark job descriptions used in surveys were based on the assumption that staff members were required to work in only one of the official languages. If staff members were required to work in more than one official language, that additional requirement was to be taken into account in job classification. Furthermore, staff members with proven working knowledge of more than one official language were compensated by a language allowance, a system that had been established for that purpose. Accordingly, some members considered the application of the language factor to be double counting.

172. The Commission discussed the judgement rendered by the ILO Administrative Tribunal, and concluded that the Tribunal had not infringed on the Commission's competence. The Commission had been allowed the discretion in determining salaries, but while exercising this discretion, the Commission was bound by its own statute and rules of procedure, as well as the methodologies it had approved under the authority flowing from the statute.

173. Since the decisions of the Tribunal were final and binding the Commission was informed that to give effect to the Tribunal's decision in the present case, it had two options:

(a) Restore the pre-1992 text in its methodology (the language factor would again be included);

(b) Replace the current text of the methodology by a text requiring that in cities where the local language was not a working language of the organizations, employers be carefully surveyed to determine what, if any, bonus or other payment they made to those staff required to work in a working language of the organizations, and that the results of

such a determination be appropriately reflected in the pay scales established by the survey. The Commission noted that since the next surveys for Rome and Vienna would take place only in 2001 and 2002, there was no urgency in amending its methodology at the present time. The Commission preferred to await the outcome of the pending cases concerning Vienna before it reviewed the methodology for General Service salary surveys with regard to that specific issue.

174. The Commission also raised the question of whether in future it would be possible to secure a judicial advisory opinion before a decision was taken or implemented. It was informed that at present, neither Tribunal of the United Nations system was authorized to render advisory opinions under their respective statutes. However, the Commission noted with satisfaction that the legal counsels of the organizations were seized of the matter, and that several proposals had been circulated.

Decision of the Commission

175. The Commission decided to await the judgements of the Tribunals in the ongoing Vienna case, and to defer any decision on the review of the methodology regarding the language factor to a later date.

Chapter VI

Conditions of service applicable to both categories

A. Education grant

176. The Commission had approved a methodology for the determination of the levels of education grant in 1992, which was subsequently endorsed by the General Assembly. In 1997, ICSC modified its earlier methodology and those modifications were also endorsed by the General Assembly in its resolution 52/216, section III.A. The Commission had before it a CCAQ report on the education grant levels resulting from the application of the above-mentioned methodology, including the modifications. Expenditure data on 9,291 claims for the academic year 1996/1997 had been analysed in the 17 individual currency areas under the education grant.

177. Under the approved methodology, the trigger point for reviewing education grant levels in a given currency area was that 5 per cent or more of the cases exceeded current maximum admissible expenditure levels. For currency areas with few education grant levels, the maximum admissible expenditure adjustment mechanism is triggered only if a minimum of five claims exceed the existing maximum admissible expenditure limit. The CCAQ study, undertaken in the biennial review cycle, identified seven currency areas where that trigger point had been reached (Austrian schilling, pound sterling, Swiss franc, Italian lira, deutsche mark, Japanese yen and United States dollar in the United States of America).

178. As regards the reimbursement of boarding costs, it was pointed out that at designated duty stations, where educational facilities were either not available or deemed to be inadequate, boarding costs were reimbursed over and above the applicable education grant limit. At all other duty stations, reimbursement of boarding costs at the flat rate, when boarding was not provided by the educational institution nor by a boarding institution certified by the school, was determined within the overall limit of the maximum admissible educational expenses. It was suggested that in accordance with the decision taken by the Commission in 1997 and subsequently endorsed by the General Assembly, the normal flat rates for boarding as well as those for additional reimbursements at designated duty stations be revised.

Views of the organizations

179. The representative of CCAQ noted that the document, which had been prepared in accordance with the methodology approved by the Commission and endorsed by the General Assembly, related to the standard updating of the levels of the education grant.

180. On the basis of the analysis of the data, the Committee proposed increases to the level of the grant in seven currency areas. In accordance with the revisions to the methodology approved the previous year, the Committee also proposed to increase the flat rates for boarding and the additional flat rates for boarding.

181. Based, *inter alia*, on a detailed analysis by country of claims in the United States dollar/outside the United States area, the Committee also requested that the Chairman of the Commission maintain the special measures currently in place for China and introduce special measures for Indonesia in the same way.

182. In conclusion, the CCAQ representative noted that as part of the Committee's desire to simplify a number of common system entitlements, it had reviewed, together with the

Information System Coordination Committee, a possible system-wide computer application that would speed up and improve the administration of the education grant.

Discussion by the Commission

183. The Commission reviewed both the school fee movement and the percentage of claims over the maximum admissible expenses in addressing the proposals of the CCAQ. The Commission noted that any adjustment should be made on the basis of the movement of expenses and fees. With regard to expense movements, the goal was to ensure that expatriate staff continued to share a reasonable portion of their children's education. The Commission recalled that in prior reviews it had attempted to balance its consideration of fee and expense movements. Since the expenses and fees did not increase by the same amount, judgement was required in the final determination of the level of the grant. That was again the case. The Commission concurred with the CCAQ's recommendation to select the lower of either the fee or expense movements for the determination of the level of the grant.

184. The Commission recalled the decisions it had taken during the 1997 review of the methodology regarding the flat rate for boarding and the additional flat rate for boarding at designated duty stations. It noted that in the current exercise, the flat rates had been updated by the movements of the consumer price index between the date of the last adjustment and the date of the current review. It was also noted that the additional flat rate had been established at the level of 150 per cent of the normal flat rates. The new rates were proposed to be effective 1 January 1999, with no retroactive application.

185. The Commission's attention was drawn to a specific situation in Indonesia. According to the information provided by CCAQ, the international educational institutions at that location were billing their fees in hard currencies at levels comparable to educational institutions in the United States. Some 43 per cent of the staff members currently serving at that duty station were above the maximum admissible expenditure level. Therefore, the Commission was requested to allow organizations in Indonesia to reimburse 75 per cent of actual expenses up to but not exceeding the maximum admissible expenses level in force for the United States dollar/United States area. The Commission recalled that in 1997, the General Assembly had delegated to the ICSC Chairman the authority to approve such special measures, as requested by the organizations.

186. The Commission was informed that the children of staff members of the United Nations common system generally represented only a small part of the student body of the international schools at the larger duty stations. Consequently, the Commission took note of the information provided by CCAQ that the tuition fees of those schools were not driven by the level of the United Nations education grant.

187. The Commission also discussed the manner in which the report was prepared. As in previous years, the report for the current review was prepared and presented by the Committee. However, the Commission suggested that the two secretariats consult on that procedure with a view to the CCAQ secretariat maintaining the responsibility for the collection of data and the ICSC secretariat conducting the analysis and writing the report thereon.

188. Some members of the Commission noted that the methodology for the determination of the level of the education grant was rather complex, and suggested that the Commission again review the methodology to simplify it.

Financial implications

189. The Commission noted that the system-wide cost implications of the proposed increases were estimated at approximately $660,000 per year for the system in respect of the increase in the maximum admissible expenditure level and $515,000 per year in respect of the increase in boarding costs. The Commission also noted that on average, staff members were reimbursed $6,630 per claim.

Decisions of the Commission

190. The Commission decided to recommend to the General Assembly that:

(a) In areas where education-related expenses were incurred in Austrian schillings, Swiss francs, deutsche mark, pounds sterling, Italian lire, Japanese yen and United States dollars in the United States, the levels of maximum admissible expenses and the maximum education grant be set as shown in annex X, table 1;

(b) The maximum amounts of admissible expenses and the maximum grant remain at the current levels for the following currencies: Belgian franc, Danish krone, Finnish markka, French franc, Irish pound, Netherlands guilder, Norwegian krone, Spanish peseta, Swedish krona and United States dollar for expenses incurred in educational institutions outside the United States;

(c) In instances where boarding was not provided by the educational institution or a boarding institution certified by the school, the flat rates for boarding costs, to be taken into account within the maximum admissible educational expenses, be revised as shown under column 2, table 2 of annex X. The amounts of additional reimbursement for boarding costs, over and above the maximum education grant payable to staff members at designated duty stations, should be revised as shown under column 3, table 2 of annex X;

(d) The amount of the special education grant for each disabled child be equal to 100 per cent of the revised amounts of maximum allowable expenses for the regular education grant;

(e) All of the above measures be applicable as from the school year in progress on 1 January 1999.

191. The Commission also decided to invite the organizations to submit further information to the Chairman of the Commission regarding the situation in Indonesia. The Commission requested its Chairman to decide, in accordance with the authority delegated to him by the Assembly in that regard and on the basis of the information received, whether special measures that would allow organizations to reimburse 75 per cent of actual expenses up to and not exceeding the maximum admissible expenditure level in force for the United States dollar/United States area needed to be introduced.

192. The Commission decided to review the methodology in 2001 to simplify it.

B. Recognition of language knowledge in the United Nations system

193. In 1993, the Commission reviewed the language incentive scheme for the Professional and higher categories, and recommended parameters for those organizations which considered that a language incentive scheme was a useful means of improving linguistic balance in the overall context of improved organizational effectiveness. The parameters included adequate and confirmed knowledge of a second official language, the granting of a within-grade salary increment at an accelerated rate of 10 and 20 months (as opposed to 12 and 24 months, respectively), as appropriate, and periodic retesting.

194. In response to General Assembly resolution 48/224 of 23 December 1993, the Commission, at its forty-seventh (April/May) session, reviewed the language incentive scheme as applied by the United Nations, ITC, the ILO, WHO, ITU, WMO, the International Maritime Organization (IMO), WIPO and the United Nations Industrial Development Organization (UNIDO). The ICSC parameters were applied by all the aforementioned organizations, with the exception of the ILO, where eligibility was contingent on the knowledge of two official languages in addition to the mother tongue.

195. The language allowance, established for staff in the General Service and related categories, had universal application throughout the system and was of long-standing origin. In 1993, the Commission had not ruled out a future review of the question of whether the recognition programmes for the Professional and General Service categories should be aligned, and whether a non-pensionable bonus should replace the current incentive.

196. On the basis of the documentation before it, the Commission considered the following options/issues:

(a) Retain the current language incentive for Professional staff;

(b) Replace the current language incentive by a non-pensionable lump-sum amount or bonus;

(c) Maintain current flexibilities, i.e., no requirement for organizations to have a language incentive scheme, latitude in eligible groups and varying criteria, viz. the ILO scheme;

(d) Reiterate its recommendation that organizations retest to ascertain that language skills/knowledge were maintained;

(e) Maintain the parameters agreed by CCAQ in 1965 and endorsed by ICSC in 1981 with regard to the language allowance;

(f) Align the language recognition parameters for the Professional and General Service categories.

Views of the organizations

197. The Secretary of CCAQ noted that a broad knowledge of languages was not only important to meet specific functional requirements but also served to enhance understanding across multicultural organizations and to build a more flexible workforce. CCAQ urged the Commission to continue to strongly support language schemes that served to motivate staff to strengthen their language skills so that they were prepared to assume new roles which might arise. At a time when organizations were being required to do more with less and staff were required to respond to evolving roles, these incentives assisted in creating more flexible, mobile and multi-skilled staff. Given the organizations' differing mandates, structures, systems and requirements, the modalities for the recognition of language knowledge should not – except for a broad policy direction – be determined at the level of the common system. CCAQ therefore strongly urged the Commission to support the continuation of language schemes as currently applied, that is to say, to support continuation of both mechanisms, the incentive for Professional and the allowance for General Service staff. As for the retesting of language skills, it was not possible to draw a valid conclusion on the cost benefit of retesting based solely on the experience of one organization. For example, the United Nations language programme covered the administration of language proficiency examinations for many other organizations of the system at a vast network of over 100 test sites, with examinations in six official languages for some 3,000 staff per year. As indicated in the report, retesting was not considered cost-effective in this case.

Accordingly, CCAQ considered that retesting should be left to the discretion of organizations.

198. The United Nations representative noted that with regard to multilingualism, the General Assembly, in its resolution 50/11 of 2 November 1995, had reaffirmed the principles that underpinned both the language incentive programmes and the language training programme. In the same resolution, the Assembly had also cautioned against cost-cutting in areas affecting multilingualism, and affirmed that breaking down language barriers was of paramount importance in a multilingual and multicultural organization. In resolution 52/23 of November 1997, the General Assembly had requested that staff recruited by the United Nations should have full command of at least one of the working languages; knowledge of one additional United Nations language should also be encouraged. The United Nations strongly supported the current incentive mechanisms to promote language knowledge among its staff. The United Nations representative questioned the concept of retesting, and stated that it appeared that the savings to be gained from the withdrawal of language allowances would be much lower than anticipated. In the event of retesting, the working languages were the ones that most staff would be retested on; and in those cases, staff's skills usually improved rather than deteriorated, particularly in English, which was the most frequently tested language. Also, savings would be significantly offset by the administrative costs of the retesting process, as well as the costs related to withdrawing the allowance and the possibility of reinstating such allowance after a subsequent retest. It was also noted that the Office of Legal Affairs of the United Nations Secretariat, in reviewing a proposal for retesting, had drawn attention to the need for numerous exemptions to avoid legal challenges. The possibility of exemptions raised questions of equity and added to the complexity of the task. For the United Nations, retesting some 3,700 staff members at 100 locations and in six languages would represent a major undertaking.

Discussion by the Commission

199. The Commission supported language recognition schemes – the incentive scheme for the Professional and higher categories and the allowance for the General Service and related categories – as a means of motivating staff in the United Nations system. Knowledge of languages facilitated communication and enhanced the functioning of the Organization. The Commission noted that the various General Assembly resolutions on the subject emphasized the importance of knowledge and use, in addition to the working languages, of any of the official languages of the Organization. At the same time, it was important to recall that a basic requirement for any job within an organization was oral and written fluency in one of the working languages of the participating organizations, and that this knowledge was not to be misconstrued as an additional qualification. Such knowledge should be ascertained at the time of recruitment and taken into account in the relevant job classification.

200. The Commission considered that language training, especially since it was provided free of cost by most organizations of the common system, was in itself an inducement, and it was therefore important that the organizations ensure that staff made a commitment to complete their training once they had begun. The incentive or the allowance should be paid only if the language was used in the organization and was useful to it.

201. Some members considered that the current language incentive scheme was not rational, that it was indirect, difficult to quantify and not transparent. It was thus not likely to motivate staff to study languages, which was its purpose. Others were of the view that it was important to maintain the incentive, bearing in mind that in its resolution 50/11 on multilingualism, the General Assembly had emphasized the need for the Organization to continue to promote the learning of all the official and working languages of the Secretariat;

moreover, one of the objectives of multilingualism was to improve the performance of organizations. Those who did not support continuation of the scheme, however, considered that the Assembly would not need to pass such a resolution if the recruitment system, language training programmes and the language recognition schemes were contributing to improve multilingualism. Some members considered that a multicultural organization should not need the language incentive to achieve linguistic balance, and therefore the incentive for the Professional and higher category staff should be abolished.

202. It was observed that the requirements of United Nations work often included the need to gain fluency in languages other than the six official languages. Following this observation, a view was expressed that the incentive should be paid only for proven knowledge of languages beyond any of the six official ones, and that knowledge of two or more of the six official languages should be considered as an indispensable, indeed compulsory, tool at the time of recruitment.

203. The ILO language incentive scheme, which required proficiency in two languages in addition to the staff member's mother tongue, was the approach favoured by several members of the Commission, because the other schemes give an undue advantage to staff members whose mother tongue was one of the official languages of the organizations. However, it was recognized that for a variety of reasons, not least of which was that it was viewed as discriminatory towards staff whose mother tongue was one of the official languages, members felt that the ILO scheme might not be acceptable to some organizations of the common system.

204. Insofar as the modalities and alignment of the two mechanisms, incentive and allowance, were concerned, the Commission considered that there was merit in harmonizing them and paying both as a non-pensionable bonus. The bonus amount should be left to the organizations to establish and coordinate among themselves. Some general guidelines should outline that it not be tied to the base/floor salary scale, that it be a rounded lump-sum amount and that it be reviewed from time to time. By replacing the current incentive for the Professional and higher categories with a lump sum, the intent would be to make better use of it, make it cost neutral and clearly identifiable.

205. The Commission noted that in most organizations, there was no usage requirement and no retesting to ascertain if proficiency had been maintained. The Commission was of the view that retesting was a necessity to ensure that staff retained their skills. Given these circumstances, it was not clear what benefit derived to the organization that paid incentives. The Commission considered that periodic retesting and/or certification to ascertain the use of the language(s) in the organization should take place as part of the periodic performance appraisal.

206. After a thorough exchange of views on the subject, the Commission reached its decision on the basis of a vote.

Decisions of the Commission

207. The Commission decided to recommend to the General Assembly that the language incentive scheme for the Professional and higher category staff, in organizations which offered it, should be discontinued as currently applied and replaced by a non-pensionable bonus.[14]

208. The Commission further decided to recommend to the General Assembly and the governing legislative bodies of other organizations of the common system that had determined the need to reward staff for encouraging them to speak more than one language:

(a) To pay the language allowance for the General Service and related categories of staff in the form of a non-pensionable bonus, bearing in mind the recommendation to the General Assembly, as outlined in paragraph 207 above, and on the understanding that the mechanisms for both categories of staff would be aligned;

(b) To ensure that in the case of both categories of staff, the bonus be paid only if the language was used in the organization, and that at the time of the periodic performance appraisal, organizations should retest or certify as to the actual use by staff of the language(s) in the organization.

209. The Commission would revert to this issue in five years.

C. Common scale of staff assessment

210. In 1996, ICSC, in close cooperation with the United Nations Joint Staff Pension Board (UNJSPB), recommended a common staff assessment scale for the Professional and higher categories and the General Service and related categories for the determination of pensionable remuneration levels of both categories. The General Assembly, in its resolution 51/216 of 18 December 1996, approved the recommended scale with effect from 1 January 1997. In 1998, the Commission examined two issues related to the common scale: (a) an update of the common scale, and (b) a response to the Assembly's request to review staff assessment rates vis-à-vis national and local tax rates.

1. Updating the common scale

211. With regard to the updating of the common staff assessment scale, UNJSPB recommended and the Commission agreed that the scale should be updated, as necessary, every two years, based on tax changes at the seven headquarters duty stations. The Commission had before it information on the changes in average taxes at the seven headquarters duty stations since its last consideration of this item. The information showed that average taxes had increased or decreased at relevant income levels by approximately 0.5 per cent of gross salaries.

Views of the organizations

212. CCAQ supported the recommendations of the ICSC secretariat that the current common staff assessment scale continue to apply until the next pensionable remuneration/staff assessment review, in two years' time. The United Nations representative also supported the recommendations of ICSC, specifically regarding the maintenance of the current scale of staff assessment since it had only been in effect for one year and taxes had only changed by 0.5 per cent.

Views of the United Nations Joint Staff Pension Board

213. The Secretary of UNJSPB observed that the Pension Board had recommended the biennial review cycle for updating of the common staff assessment scale. He also recalled that UNJSPB had expressed the view that further consideration might be given to a phased inclusion of greater use of retiree tax deduction factors in assessing taxation levels. He noted that the changes in the tax rates at the seven headquarters locations had been minor during the last two years, which had led to the secretariat's recommendation to maintain for the time being the present staff assessment scale.

Discussion by the Commission

214. The Commission recalled that in the development of the common staff assessment scale, it had in the final analysis applied judgement to meet specific objectives. It considered that the current updating of the tax information, which served as the basis for the common scale, had shown minimal changes from the tax information reviewed two years earlier. It further considered that the judgement would, of necessity, again need to apply in the revision of the scale, and could more than offset the noted changes in tax levels at the seven headquarters duty stations. Accordingly, revisions in the common scale at the time of an update, including those that might result from methodological considerations, such as those mentioned by the Secretary of UNJSPB, would need to await a more significant change in taxation levels.

Decisions of the Commission

215. The Commission decided to report to the General Assembly that the current common staff assessment scale should continue to apply and should again be reviewed in two years' time.

2. Staff assessment rates vis-à-vis local taxes

216. With regard to the review of staff assessment rates and national/local taxes, the General Assembly, in 1996, requested the Commission to report on the impact of the difference in national and local tax rates at the seven headquarters duty stations on the gross pension benefits of locally recruited staff in the General Service and related categories at those duty stations, in comparison with the compensation for such taxes provided by the common staff assessment rates. In addressing the Assembly's request, the Commission reviewed national and local tax data at the seven headquarters duty stations and an actuarial analysis of the value of the UNJSPF scheme, as compared to that of the local employers' schemes at Montreal, one of the headquarters duty stations.

Views of the organizations

217. CCAQ took careful note of the information regarding the actuarial analysis of pension benefits for the General Service and related categories at the seven headquarters duty stations. It shared some of the concerns expressed about the assumptions on which the Montreal actuarial study was based. The concerns in respect of Montreal, if valid, could have implications for a very small number of non-headquarters duty stations. CCAQ would hope that these concerns could be examined in detail by the ICSC secretariat before reaching a final determination on the conclusion reached by the secretariat in respect of not pursuing the local practice approach.

218. The representative of the United Nations noted that the analysis should review staff assessment as a means of achieving certain objectives, pensionable remuneration as a whole, and considered that it was important to examine the staff assessment issue in a wider context. The administrative difficulties involved with placing a focus on local conditions would be significant. He therefore suggested the maintenance of current procedures.

219. The representative of ICAO submitted a document to the Commission that raised a number of issues with regard to the key assumptions used in the actuarial comparison of pension schemes at Montreal, as follows:

(a) The exclusion of differences in employee contributions to UNJSPF and local comparator schemes;

(b) The use of average salaries in the comparison instead of final average remuneration or maximum salaries;

(c) The reduced sample size of local Montreal employers used as a basis for the actuarial comparison, versus the salary survey sample of 20 employers;

(d) The inclusion of full pension indexation for UNJSPF, and only partial indexation for local employers;

(e) The accuracy of the inflation assumption in the calculations;

(f) The assumption that local employer schemes provided for unreduced pension benefits only at age 65.

Views of the United Nations Joint Staff Pension Board

220. With regard to the use of local taxes to determine pensionable remuneration levels, the Secretary of UNJSPB noted that this and the related possibility of basing pension benefits on local practice had been examined in depth on a number of occasions in the past. Both approaches involved highly technical and complex considerations and implications for the level of pensions at more than 160 locations. In addition, UNJSPB would be required to undertake difficult and costly actuarial studies in order to assess and evaluate a wide array of pension and social security practices around the world. UNJSPF was a defined benefit plan applicable to all United Nations system staff on a global basis, with the level of pension benefits based on a reasonable replacement of income while in service. Under this approach, the common staff assessment scale represented a "grossing-up" means of adding an average tax element to the net salary while staff were in service. Therefore, there would inevitably be some locations where the staff assessment rates would be above the local tax rates and some where they would be below. Prior studies had also shown the difficulties involved in comparing United Nations pension levels with those of local surveyed employers. Conducting such comparisons on a global basis would be a monumental and costly task. It was for these reasons that both the Commission and UNJSPB had recommended, and the General Assembly had concurred, that the current arrangements should apply. Attempts to adjust this practice on a selective basis would undermine the universality of the system, with serious implications for many locations.

Discussion by the Commission

221. With regard to the issue of local taxes/benefits, the Commission recalled that it had decided, at the time of previous pensionable remuneration/staff assessment reviews, that the common system benefits package should be reflective of a good employer notwithstanding specific practices at local duty stations. While under this approach, some staff at some duty stations might receive somewhat lower benefits vis-à-vis some local employers, others would receive higher benefits. This was the nature of a universal system. The Commission expressed appreciation to the Secretary of UNJSPB for recalling the rationale that encompassed the current arrangements.

222. As regards the issues raised by the representative of ICAO, the Commission noted the following:

(a) Employee contributions were taken into account in the actuarial evaluation of the retirement plans of UNJSPF, all local employers and the province of Quebec;

(b) The use of average salaries represented a normal part of an actuarial analysis that focused on the present value of future benefits for serving staff. In any event, the use of higher salary levels in the exercise would have had no appreciable impact on the results

since higher salary levels would then have been used in the evaluation of the UNJSPF and local employer plans;

(c) The employers used in the actuarial analysis were those reflecting salary levels at the 75th percentile, in accordance with the Flemming principle. The Commission considered that it would not be appropriate to select one group of employers for the determination of salary levels and another group for pension plan comparisons. Such a selection procedure would constitute a "best of the best" approach to remuneration comparisons, which a number of review groups, including the Commission, had indicated to be an inappropriate interpretation of the Flemming principle;

(d) The actuarial analysis took into account the indexation provisions of UNJSPF and local plans. The UNJSPF scheme provided for full indexation of benefits (except for a minor deviation in the initial year of retirement), while many of the local schemes did not;

(e) The inflation assumption used in the analysis must, of necessity, encompass a period of time reflecting the longevity of plan participants. Accordingly, a four- or five-year period of low or high inflation did not have an impact on the expected inflation rate over the actuarial period of the analysis. In any event, the level of the inflation assumption was inconsequential in an actuarial analysis. It was only in combination with the interest rate assumption, that is, the real rate of return, that there was an impact on the actuarial values calculated;

(f) The information collected from local employers demonstrated that all plans specified a normal retirement age of 65, that is, the first age at which retirement was permitted without any benefit reduction. The equivalent age of participants in UNJSPF was age 62 since 1990, and age 60 prior to 1990. The Commission noted that the UNJSPF provisions resulted in an advantage to UNJSPF participants in the actuarial analysis.

223. The Commission considered that the actuarial analysis had been carried out competently and in accordance with normal actuarial practices.

Decisions of the Commission

224. The Commission decided to report to the General Assembly that:

(a) With regard to pensionable remuneration levels:

(i) The use of staff assessment rates as opposed to national and local tax rates produced levels that were sometimes higher and sometimes lower than external gross salaries that were based on national and local taxes;

(ii) For those duty stations with national and local taxes that were higher than staff assessment rates, for example, Montreal, external gross salaries would be consistently higher than internal pensionable remuneration levels;

(b) With regard to pension benefit values, notwithstanding differences in staff assessment rates and national/local taxes, pension benefit values of UNJSPF consistently exceeded those of local comparator employers included in the 1993 General Service salary survey held at Montreal, with salary levels at the 75th percentile or higher of the local labour market. Two major reasons accounted for this result, namely:

(i) UNJSPF provided for full cost-of-living adjustment, while many comparator plans offered only partial adjustment;

(ii) UNJSPF provided unreduced benefits at age 62, while many comparator plans and the Quebec Pension Plan provided the same only at age 65;

(c) In the context of the Commission's conclusions in subparagraphs 224 (a) and (b) above, it considered that the issue of differences between staff assessment rates and national/local tax rates and the related impact on pensionable remuneration/gross salary levels and consequent pensions had been fully resolved.

225. The Commission further decided to reiterate its position, which it had reported to the General Assembly as a result of its 1992 study of local pension benefit values, namely that the local practice approach should not be further pursued.

D. Hazard pay

226. In 1996, at the request of the General Assembly, the Commission reviewed the mechanism for the granting of hazard pay. It decided that for internationally recruited staff, hazard pay should be delinked from the base/floor salary scale. The amount would remain at the level of $902 per month until it was next reviewed. To ensure that the amount continued to be appropriate, it would be reviewed every two years. For locally recruited staff, the Commission recommended that the amount should continue to be set in relation to the local salary scale at the rate of 20 per cent of the mid-point of the relevant scale.

227. For its review, the Commission considered whether to leave the current level for internationally recruited staff unchanged or to adjust it, either empirically or against an indicator.

Views of the organizations

228. The Secretary of CCAQ noted that the secretariat's document called for a determination (a) whether it was necessary to adjust the level of hazard pay for internationally recruited staff on a regular basis, and (b) if so, by which adjustment mechanism. Staff were being required to work in increasingly difficult and dangerous circumstances. Unfortunately, there was an increasing trend whereby central authorities were unable to guarantee the safety of United Nations staff members. Both ACC and CCAQ had placed the security of all staff, both locally and internationally recruited, at the top of their agendas, and had given full support to a range of security measures in an effort to improve the situation. No amount of money could compensate for the dangers that staff members might be forced to undergo. Nevertheless, the payment of an allowance to staff serving in very hazardous conditions confirmed that the organizations understood and took seriously the situation in which staff members were working in areas where active hostilities prevailed or where there had been a breakdown of civil society. CCAQ recommended that the Commission increase the current levels of hazard pay for international staff to $1,000 per month, with effect from 1 June 1998, and that the amount be subject to review in two years' time.

Discussion of the Commission

229. The Commission noted at the outset that whatever amount was agreed upon, it could never be sufficient to replace a life. ICSC was sensitive to the risk faced on a daily basis by staff serving in hazardous locations, and considered that it was important to recognize and compensate for that service in some way, although to date the amount had been largely symbolic. ICSC wished to reaffirm its earlier commitment to the principle of hazard pay.

230. The Commission reviewed the relationship of hazard pay to hardship, recalling that these were two distinct and separate entitlements. The security factor under the hardship

scheme was monitored to preclude double counting, and as in the case of hazard pay, was arrived at in close cooperation with the Office of the United Nations Security Coordinator. It was noted that other elements, such as the inaccessibility of adequate medical facilities, life-threatening diseases or natural disasters, also constituted a type of hazard. The Commission understood, however, that these factors were compensated for under the hardship scheme, and that for the granting of hazard pay staff had to be requested to remain and report for work in duty stations where very hazardous conditions, such as war or active hostilities, prevailed, and where the evacuation of families and non-essential staff had taken place.

231. Noting that the criteria that the comparator civil service applied for danger pay were broader, including, for example, kidnapping, and that the comparator also administered danger pay in amounts of 15, 20 and 25 per cent of basic pay, some members of the Commission were of the view that the United Nations scheme should follow more closely that of the comparator. It was recalled that the rationale for the two schemes was quite different. The comparator's citizens were at political risk because of their association with programmes that were unique to the comparator. United Nations staff did not represent individual Governments; until recent years, they had not been targeted as a result of their affiliation with the United Nations. As to paying different amounts for hazard, the Commission recalled that at the request of CCAQ, it had considered the introduction of a three-level system in 1991 but had decided that it was difficult to assign degrees to hazard. It was noted that the comparator paid danger pay at some 21 locations, compared to 14 in the United Nations system. The risk for United Nations staff was not necessarily the same, nor did it exist in the same locations as for the comparator's staff; moreover, United Nations staff were not always represented in locations where the comparator had staff, and vice versa. In view of the above, the Commission reaffirmed the appropriateness of the current criteria for the United Nations system and reconfirmed the decision to pay a single amount.

232. Some members of the Commission were of the view that in setting the amount for internationally recruited staff, thought should be given also to the amounts paid to locally recruited staff, which based on the information available, seemed disproportionately low. Moreover, a difference of treatment between the two categories of staff with respect to evacuation policy was observed; there was no provision for the evacuation of locally recruited staff. It was pointed out that in the event of active hostilities, the local population would be subject to risk regardless of whether or not they worked for the United Nations. The organizations bore responsibility, however, towards their internationally recruited staff assigned to field locations to fulfil the mandate of the executive heads. The organizations clarified that the evacuation of local staff across international borders created problems that had, *inter alia*, administrative, legal and familial consequences. The policy of the organizations in this respect was to take, where appropriate, a proactive approach by relocating local staff to safe havens within the same country; this had the effect of removing them from danger and precluding the aforementioned problems. The Commission noted both the high priority that the executive heads accorded to this matter and the recent decision of ACC on staff security in which ACC had reaffirmed, *inter alia*, its commitment to sparing no effort to improve the security of staff members of the United Nations system. At the time of the next review, the Commission decided that the amounts of hazard pay for both categories of staff would be examined.

233. In deciding on whether to increase the amount of hazard pay for internationally recruited staff, the Commission recalled that in 1996 it had delinked the adjustment from the base/floor salary scale in response to a request of the General Assembly. To restore that mechanism at this time did not seem to be a viable option. The current amount, which had been in effect since 1995, was $902 per month. The Commission decided that the amount

should be increased and that it should be arrived at empirically. By taking into account adjustments to the base/floor salary, including the recommended adjustment for 1999, the Commission arrived at a figure of $1,000. The Commission considered that the amount of $1,000 was a meaningful figure. It was noted that this was the figure that CCAQ had also recommended. It would take effect as of 1 June 1998.

234. In the light of the fact that it had already taken the 1999 recommended adjustment to the base/floor salary into consideration in setting the amount, the Commission also decided to extend the review period from two to three years. Moreover, at the time of the next review in the year 2002, inflation rates at the seven headquarters duty stations, in addition to salary levels, would be used as a reference point in establishing the amount.

235. The Commission was informed that the financial implications of an increase to $1,000 per month would be $755,093, or $440,471 for the seven months of 1998.

Decisions of the Commission

236. The Commission decided:

(a) To express appreciation for their dedication and commitment to all those staff – both internationally and locally recruited – who worked in hazardous conditions;

(b) To establish the amount for hazard pay for internationally recruited staff pragmatically, based on the considerations described in paragraphs 233 and 234 above;

(c) To set the amount of hazard pay for internationally recruited staff at the rate of $1,000 per month, with effect from 1 June 1998;

(d) To change the review cycle from two to three years, and review the amount for internationally recruited staff again in the year 2002;

(e) To use as a reference point, at the time of the next review, in addition to salary levels, inflation rates at the seven headquarters duty stations;

(f) To review the level of hazard pay for locally recruited staff in the year 2002;

(g) To note that in the event of the evacuation of internationally recruited staff, the particular situation of local staff should also be taken into consideration.

E. Standards of travel and per diem

237. In its twenty-third annual report in 1997, the Commission reported to the General Assembly on its preliminary review of the question of the travel entitlements of staff of the United Nations common system. The General Assembly, in its resolution 52/216 of 22 December 1997, had taken note of the observations of the Commission and invited the Commission to continue its consideration of this question. The Assembly, in paragraph 18 of section II of its resolution 52/220 of 22 December 1997, had specifically requested the Commission to report to the Assembly at its fifty-third session on the justification for the supplemental subsistence allowance with a view to its possible phasing out or maintenance.

238. The Commission considered the following travel-related issues during the 1998 review: supplements to the daily subsistence allowance (DSA), an expense-based DSA system, DSA rates for extended stays (after 30 to 60 days) and travel on home leave and family visits. In each case, the current situation was described and options were presented.

Views of the organizations

239. The representative of CCAQ expressed concern about the information provided by the secretariat. The alternatives presented were not set within any conceptual framework or with any reappraisal of the purposes of subsistence allowances. CCAQ was also concerned that a number of elements, such as the number of DSA rates in certain countries, were not referred to. CCAQ also noted that the subsistence allowances for members of organs and subsidiary organs of the common system were not addressed. Even though CCAQ understood the reason for the exclusion of this group, for a number of organizations the arrangements for subsistence allowances for governing body members were intrinsically linked to those of staff members. Therefore, this issue should be left to the governing bodies of the individual organizations. CCAQ suggested that the matter be postponed until the further necessary research and analysis had been carried out.

240. The representative of the United Nations supported the statement by the representative of CCAQ, and also requested the Commission to postpone consideration of this item. He noted that his organization had established a working group whose mandate was to review certain aspects of home leave travel. The conditions of service of staff had eroded over time, especially at the D-1 and D-2 levels; removal of the supplemental DSA would lead to further erosion of their conditions. The Secretary-General was in favour of retaining the supplemental DSA since it allowed the higher-graded officials to represent the Organization adequately.

Discussion by the Commission

241. The Commission considered the proposal of CCAQ to postpone the matter until the further necessary research and analysis had been carried out. It concluded that even though the Assembly, in its resolution 52/216, had not mentioned a specific time-frame for the finalization of the review, there was no reason for a postponement. The Commission was of the view that it had all the information it needed to take its decision.

242. The Commission recalled its conclusion reached in 1997 that the issue of standards of travel should be left to the legislative/governing bodies of the individual organizations to sort out in consultation with their respective executive heads, but that on specific issues the Commission should provide broad guidance with a view to ensuring greater uniformity among the organizations. The Commission noted that its review was limited to travel entitlements and subsistence allowances of staff members of the organizations. It could not address the issue of subsistence allowances for members of organs and subsidiary organs of the common system organizations.

Supplemental DSA

243. As for the issue of the supplemental DSA, the Commission recalled that under the current system, higher DSA was granted to Under-Secretaries-General and staff at the D-1 and D-2 levels. In the Commission's view, these higher-graded officials incurred additional expenses by the nature of their rank and the supplement was justified. One example of such additional expenses was the cost of a hotel room. The standard DSA rate was based on the price of a single room in a good commercial hotel. Higher-graded officials, who often represented the executive heads of their respective organizations, frequently had to stay in better quality hotels, which were more expensive than the good commercial ones. The Commission also noted that officials of the comparator civil service were allowed to claim up to 150 per cent of the maximum per diem for additional expenses. The Commission concluded that the supplemental DSA was justified.

244. The Commission recalled that in 1997 when it had reviewed this issue, the question was raised whether the lump-sum approach to the payment of the DSA remained valid. At that time, it was also suggested that a different approach, for example a receipt-based method, would be examined. The Commission noted that the introduction of an expense-based system would make administrative arrangements, for example the monitoring and verification of documentary evidence, more cumbersome, without any assured reduction of travel expenses.

Lump sum option for travel on home leave

245. The Commission considered that the lump-sum option for travel on home leave and family visits had been beneficial to the organizations, and that the practice should not be eliminated. With regard to the percentage to be used for determining the lump-sum payment, the Commission noted that while the lump sum might result in savings for the organizations, at the same time it should also be attractive to staff members.

Stopovers on home leave travel

246. The Commission noted that only a small number of staff chose the ticket option for home leave travel. It was assumed that of these staff members, only a small number qualified for a stopover for a journey of more than 10 (or 12) hours. The Commission noted that while a very small number of staff members benefited from this feature of home leave travel, it was an important benefit for those using it, particularly in the case of those travelling long distances with small children. Therefore, despite the fact that it had recommended the discontinuation of stopovers on official travel, the Commission was of the view that this practice should be continued for staff members travelling with children under the age of 12 on journeys of more than 12 hours.

Decisions of the Commission

247. The Commission decided that:

(a) The supplemental DSA for higher-graded officials should be retained;

(b) The current DSA allowance system should be maintained;

(c) The current DSA durations (after 30/60 day rate) should be maintained;

(d) The specific level of the lump-sum incentive rate for home leave travel should be determined by the organizations in accordance with their constitutional procedures. However, the amount paid under the lump-sum option should not exceed the amount the staff member would receive under the ticket option;

(e) For travel on home leave stopovers for journeys of more than 12 hours should only be maintained if staff members travelling with children under the age of 12 chose to have their tickets provided by the organization.

F. Mission subsistence allowance

248. In section IV of General Assembly resolution 51/218 E of 17 June 1997, entitled "Mission subsistence allowance" (MSA), the Assembly had requested the Commission to develop, for submission to the Assembly at its fifty-second session, a proposal to provide for a post allowance and separate maintenance allowance for those staff members whose families remained at the home duty station while the staff member was on mission

assignment. Given the brief period between the time the request was made and the forty-sixth session of the Commission, the subject had been deferred.

249. The documentation before the Commission provided an overview of the establishment and application of MSA and the implementation and practices of the different common system organizations. The relationship between MSA, DSA and post adjustment was also explored. The conditions offered by the comparator civil service were included as relevant to specific issues raised by the Assembly.

Views of the organizations

250. The representative of CCAQ noted that the matter concerned only the United Nations and two other organizations that made use of the allowance.

251. The representative of the United Nations stated that MSA was a daily allowance payable by the organization for living expenses incurred by staff members in the field in connection with their assignment to a special mission. Therefore, it was only paid to staff serving at peacekeeping, peacemaking and special humanitarian missions.

252. MSAs were established for administrative reasons for larger mission areas. Thus, staff were able to move freely throughout the area without being financially affected by continuous fluctuations in their subsistence allowance. The United Nations was of the view that the practice of providing MSA was essential since it allowed for administrative and practical effectiveness. It was essential for the United Nations in providing its staff with fair and adequate living allowances while serving in special missions.

253. MSA rates were primarily determined on the basis of board, long-term lodging and miscellaneous costs at duty stations. MSA represented the total contribution of the organization towards living expenses instead of any other cost-of-living allowance (i.e. post adjustment) or per diem at the duty station and in lieu of mobility and hardship allowance. Staff members in receipt of MSA, however, continued to receive the entitlements of their parent duty stations to address their financial obligations at these duty stations. All special missions were non-family duty stations, and staff were required to maintain their families at the parent duty station. Moreover, special missions were only mandated on a six-month basis by the Security Council, and staff were only fielded to those missions for similar periods. It would therefore be inappropriate to assign staff and their families to those locations.

254. The practice of granting staff an MSA was an effective mechanism for reimbursing the longer-term subsistence costs of mission personnel. The provision of such allowance was not part of the United Nations common system of salaries and allowances, and fell under the strict prerogative of the Secretary-General for application for staff in peacekeeping, peacemaking and special humanitarian missions.

Discussion by the Commission

255. The Commission emphasized the importance of the calculation of an adequate MSA, noting its role in supporting the operational needs of peacekeeping, peacemaking and humanitarian missions (special missions). The need to attract highly qualified individuals and retain the services of experienced personnel for service in field missions was of critical importance.

256. The Commission reviewed the modalities of the payment of MSA, and noted that it was the total contribution of the organization to meet living expenses of staff. While hazard pay was also applicable at some duty stations, its purpose was different. The relationship between MSA and DSA was also noted, including the different purposes of the two

allowances. In order to facilitate administration, a single MSA rate applied to an entire mission area, while a different DSA rate could apply to several locations within a mission area. The Commission also noted that DSA rates were based on hotel room costs and meals taken at restaurants, while MSA was based on costs of longer-term accommodation and lower food expenses.

257. The Commission considered that development of a post allowance and separate maintenance allowance, as requested by the General Assembly, would lead to a duplication of current remuneration elements. The request appeared to be related to the post allowance system of the comparator, which was the counterpart of the common system post adjustment. While a post adjustment amount existed for special mission duty stations, it was not paid to staff members on mission assignment because of the short duration of those assignments. Application of the entitlements of regular assignment were thus precluded. The Commission noted that United Nations staff members continued to receive the post adjustment of the parent duty station because of the need to maintain families and/or a home at those locations. The creation of a special post allowance for the special missions could duplicate the post adjustment system.

258. Likewise, the payment of a separate maintenance allowance for those staff members whose families remained at the home duty station was unnecessary, as this was precisely the reason why their emoluments were left intact at the home duty station. Accordingly, the Commission considered that developing a separate maintenance allowance along the lines of the comparator's practice would duplicate current arrangements.

259. The Commission noted that all relevant information from the organizations using the MSA system or a derivative of the MSA known as the mission approach had not been available during the Commission's consideration of this item. It further noted the comparison of remuneration amounts provided in the documentation before it. It considered that while a degree of flexibility should be maintained to permit organizations to fulfil their mandates, it should not lead to significantly different remuneration amounts among the organizations for the same work at the same duty station. In order for the Commission to arrive at a better determination it would require more information on remuneration levels from the organizations using this approach. It emphasized that MSA should be confined to its original purpose, for short-term peacekeeping, peacemaking and humanitarian missions. The normal remuneration packages should be applied to other missions.

Decisions of the Commission

260. The Commission decided:

(a) To note that MSA generally seemed to respond to the operational needs of the special missions;

(b) To note that at many locations MSA was somewhat lower than DSA, and even though both were intended to compensate for the same elements of expenditure during temporary assignments away from the regular duty station of a staff member, some differences existed;

(c) To request the organizations to improve the coordination of MSA practices and to request its secretariat to examine these practices periodically;

(d) That the establishment of a post allowance or separate maintenance allowance was not warranted at this time;

(e) To note the disparity of the remuneration arrangements in certain locations, and to request its secretariat, in consultation with the organizations, to determine a common approach to resolve this situation;

(f) To request its secretariat to continue to solicit information from those organizations that had not provided it, and to ensure that it was taken into account in developing a common approach.

Chapter VII

Action taken by the Commission under articles 13 and 14 of its statute

A. Framework for human resources management

Introduction

261. The Commission considered a framework for human resources management prepared by its secretariat in response to a number of recent General Assembly resolutions. In its resolution 52/216 of 22 December 1997, the Assembly had recalled its resolution 51/216 of 18 December 1996, in which it had requested the Commission to take the lead in analysing new approaches in the human resources management field so as to develop standards, methods and arrangements that would respond to the specific needs of the organizations of the common system, and to report thereon to the Assembly at its fifty-third session. It also welcomed the intention of the Commission to submit in 1998 a comprehensive report on new approaches to human resources management.

Views of the organizations

262. The Chairman of CCAQ called attention to the fact that a broad range of new approaches to human resources management were being implemented in all organizations of the common system. The Committee had therefore prepared a document to complement the information contained in the document prepared by ICSC. It gave an overview of some of the human resources management reform actions under way, both in organizations and at the common system level. He drew attention to the ACC policy statement on the issue, which had provided a platform for the development of a number of initiatives at the common system level.

263. He described six issues on which the Committee was currently working: (a) an overall competency framework for human resources management; (b) a research project with the University of Cranfield (Bedfordshire, United Kingdom of Great Britain and Northern Ireland) on the comparison of human resources management practices of United Nations organizations (including two of the international financial institutions), which enabled organizations to benchmark their practices with those of other relevant organizations and institutions; (c) a first CCAQ conference of human resources specialists to be held in 1999 on the use of competencies to select and develop a senior management cadre in the context of creating a common management culture (members of ICSC would be invited to attend); (d) an ad hoc meeting of specialists working in the area of selection and recruitment of staff as a forum for fostering collaboration and furthering knowledge on evolving approaches and analytical tools; (e) the creation of an association for human resources management in international organizations; and (f) a World-Wide Web-based system called PAMS (Participating Agencies Mobility System) to allow staff members and their spouses to submit their curricula vitae through e-mail to United Nations organizations of their choice.

264. CCAQ welcomed the effort that had gone into the production of the ICSC secretariat's document, which laid the foundation for a greater understanding of the framework within which reforms and new approaches were taking place. The Committee strongly supported giving attention to two of the areas suggested by the ICSC secretariat for the Commission's future focus, namely, job classification and the updating of the 1954 International Civil

organizations had embarked on major developmental work in the area of career management, they had informed the Committee that it was a very complex and time-consuming matter, usually requiring heavy consultant support from outside the system. The Committee considered that it would be best at this stage to review what organizations were doing in that area to see the extent to which future work might be developed by ICSC. The Committee did not support adoption of the broad principles on human resources management set out in the document since it considered that there was a need for all parties to work together closely on their elaboration.

265. Given the proposals on changed work methods made by the Working Group on the Consultative Process, the Committee believed that the subject would prove suitable to treatment in accordance with the new working procedures. For the 1999 spring session, all the consultative partners, including the staff, could submit whatever views and supporting documents they wished in respect of the development of a set of principles on which a framework for human resources management could be based. All such inputs should be discussed in a working group context.

Discussion by the Commission

266. The Commission observed that the document before it would enable it to provide the necessary vision and respond in a comprehensive manner to the series of annual General Assembly resolutions, beginning in 1992, in which ICSC had been requested to reactivate its mandate under article 14 of its statute. The Commission considered that the subject had come up at a particularly opportune time, when enormous change was taking place in the outside world. It noted the evolution towards greater accountability, efficiency and cost-effectiveness in the public and private sectors, which had challenged the United Nations system to respond in like manner. A number of national civil services had undertaken significant reform efforts in recent years. The changed perception of the role of public service had left its mark on the organizations of the common system, which were refocusing their mandates and priorities, optimizing shrinking resources and increasing their emphasis on defining and maintaining a competitive edge. The reforms currently under way in the organizations were the result of pressures from member States for greater accountability and efficiency.

267. The Commission reviewed some of the trends that were having an effect on the common system and were relevant to the management of human resources. It observed that the growing interface of the United Nations system with civil society had resulted in a global institution in which reliance on outside sources of assistance was increasingly replacing in-house expertise, particularly in technical fields. This resulted in a system in which staff development was increasingly proceeding along two separate tracks: the so-called career track, which relied on core staff to implement ongoing functions, and a parallel track for others who made their knowledge and expertise available but in the course of their careers moved in and out of the system. The Commission also noted that effective organizations and institutions used a variety of management styles to achieve their goals; one of these was a team-based approach to work, often across organizational units, which was not in widespread use in the common system organizations. These were but two examples of the new climate, which was challenging some of the basic assumptions about what constituted an international civil service.

268. Recalling that it was the need for market-driven expertise that had led the agencies to ask for flexibility not currently possible in a system that equalized pay across occupations, the Commission considered that ways needed to be found to maintain the common system's core integrity while at the same time introducing flexibility. At its 1997 forum on new

directions in human resources management, ICSC had identified some areas where flexibility could be introduced. Human resources were the essential elements in organizations' strategic planning, which to be effective needed to reflect the changed environment. The Commission considered that personnel policies had to remain true to the underlying values of the system, reflecting the ideals and principles of the Charter of the United Nations; at the same time, they must accord organizations flexibility and facilitate access to the best expertise available worldwide. The two concepts of consistency and flexibility were not necessarily in conflict with one another; together they could become the foundations for the development of modern personnel policies that responded to the times.

269. The Commission then turned to the human resources framework, which covered the following major areas: job classification, recruitment, career development, mobility, employment and contractual arrangements, geographical balance, gender balance, training and staff development and ethics. Performance management, which was an integral part of this framework, had been the subject of recent in-depth reviews by the Commission, and was therefore not part of the current discussion. It examined for all of those areas draft statements of principle, which had been proposed to guide the work in each area, and the secretariat's comments thereon. It noted that those principles had been drafted to provide the vantage point from which the Commission could revisit its past recommendations under article 14 of its statute so as to redefine some recommendations, retire others and/or formulate new policy directives.

270. A general discussion ensued on the feasibility of adopting the framework at this stage. After considering the views of all parties and given the importance and complexity of the subject, the Commission concluded that this matter could best be pursued through a working group, with representation from members of the Commission and representatives of the organizations and of the staff. The objective would be to propose to the Commission an integrated framework for human resources management that identified the core issues and consisted of a set of guiding principles and policies for the common system. The working group would ensure that it not only took into account the Anglo-Saxon approach to the subject but would also avail itself of the literature and experience of other approaches and cultures. A suggestion to hold a workshop that would precede the meeting of the working group would be taken under advisement at a later time. A starting point for the working group's deliberations would be the document prepared by the ICSC secretariat. Members of the Commission, representatives of CCAQ and of the staff would also be invited to submit relevant documents. The reports of the working group would be directed to the Commission. The Commission agreed that the working group should keep the Commission apprised of its findings and regularly informed as to progress, thereby enabling Commission members to make their contribution in a timely manner to the working group and have that contribution reflected in the final report. The terms of reference of the working group may be found in annex XI.

271. The Commission was of the view that determination of the size of the working group should be driven by the following considerations: the group should be big enough to encompass the necessary expertise yet not so large as to become unmanageable. It was noted that following prior consultations among the Chairman, Vice-Chairman, the secretariat of ICSC and the Chairman of CCAQ on the terms of reference, it had been agreed that the working group should total six in number: two Commission members; two representatives from the organizations; and one member from each staff body, two staff representatives in all. Although several Commission members backed this proposal, a discussion ensued on whether a larger number might not be preferable. One Commission member recalled the good experience with the Working Group on the Consultative Process, and proposed that the group should be composed of 12 members, with the Commission, organizations and staff

bodies numbering four members each, the latter represented by two members from each staff body; another Commission member said he could go along with this proposal. The Chairman of CCAQ preferred that each party should have an equal number of representatives in the working group. After further discussion, the Commission concluded that three members from the Commission, three members from CCAQ and two members from each of the staff bodies, in all four staff representatives, would be sufficient to ensure the required skills. After the decision had been taken, the Chairman of CCAQ requested that his preference for equal participation of the different parties in the working group be placed on record, recalling also the expertise the organizations had to contribute in this area. It was pointed out, however, that since CCAQ could, if necessary, draw on its own expertise, a group of 10 individuals was entirely appropriate to the fulfilment of the working group's mandate. The Commission designated Mr. Mario Bettati, Mrs. Turkia Daddah and Mrs. Lucretia Myers to represent it on the working group. One member, while agreeing with a representation of three ICSC members, felt that geographical balance should be taken into account in the composition of future working groups.

272. It was recalled that in the context of the Commission's discussion on the consultative process, the proposal for a working group on the issue had been broached. The Commission had already decided that the new working arrangements would go into effect only when both staff bodies had returned to the Commission. However, both FICSA and CCISUA had indicated that they intended to await the outcome of the General Assembly's deliberations on the consultative process before resuming their participation in ICSC. Since the Commission trusted and sincerely hoped that the staff would resume its participation in the Commission, it would, in line with its past and present practice, invite staff to participate in the working group at this stage, regardless of which arrangements were adopted. The terms of reference anticipated staff input.

273. Insofar as the work areas previously identified by the Commission as priority subjects for the coming months – job classification, ethics and career development – were concerned, the Commission took the decision set out below. Since the Commission had already decided to place the subject of ethics on its work programme under the rubric of the updating of the 1954 ICSAB Standards of Conduct and since both that topic and the job classification topic had been supported by CCAQ, the Commission directed its secretariat to proceed with work in those two areas.

Decision of the Commission

274. The Commission decided to create a working group to examine a framework for human resources management, based on documents prepared by the ICSC secretariat and others and a review of information, including human resources reforms and initiatives currently under way, both inside and outside the United Nations system.

B. Report on gender balance in the United Nations system

275. Under its standing mandate to review the status of women in the organizations of the common system, the Commission analysed detailed information, including statistical data, with a view to assessing progress and making proposals to improve the situation. Those data related to the distribution and recruitment by gender and level of staff in the organizations, by occupational field and by nationality.

Views of the organizations

276. The Secretary of CCAQ noted that action to improve gender balance was taking place everywhere. In CCAQ itself, more than 50 per cent of the representatives of the organizations of the common system were women; there was a similar trend in ACC. The question was where to go from there. CCAQ was not convinced of the need for more statistical reports as the sole basis for discussion of this subject. This subject, which formed part of a much larger mosaic, required a holistic, strategic outlook. Experience had shown that efforts to improve workforce diversity must form part of the human resources strategies of the organizations of the common system. CCAQ considered that ICSC efforts to give impetus to the organizations' endeavours would be useful at two levels: strategic, by providing analyses, such as the degree to which other equally important policies, such as geography, might impede progress; and practical examples, by showcasing creative initiatives that organizations had undertaken. For example, IMO, in collaboration with the World Maritime University in Sweden and the International Maritime Law Institute of the International Maritime Organization in Malta, had been successful in increasing the proportion of female candidates in the maritime field. A recent study carried out by Cranfield University, in collaboration with CCAQ, showed that the United Nations spent more time on gender and diversity issues at the point of recruitment but less in terms of monitoring career development and training than private-sector employers. CCAQ proposed that the Commission defer consideration of the substantive aspects of the issue until its summer session so that its secretariat, working in collaboration with the CCAQ secretariat and the ACC Inter-Agency Committee on Women and Gender Equality, could provide further information.

277. The representative of the United Nations delivered a statement on behalf of the Special Adviser to the Secretary-General on Gender Issues and Advancement of Women. The Special Adviser expressed her appreciation to the members of ICSC and its secretariat for the leadership and commitment shown by the organization and for its initiatives since 1985, which had contributed significantly towards the establishment of policies for the achievement of gender equality. ICSC had been in the forefront in fostering an organizational culture that encouraged the full participation of women in all activities of the organizations of the common system. ACC had recently identified gender equality as a major strategic objective of the international community. The executive heads had stressed the importance of promoting an active policy of mainstreaming a gender perspective in all policies and programmes.

278. There were still few opportunities for women and men, on equal terms, to represent Governments at the international level and participate in the work of international organizations and intergovernmental and expert bodies. Progress towards the goal of gender equality had been limited, in particular with respect to their inclusion in the mainstream work of the organizations of the common system and at policy and decision-making levels. Limited progress had been achieved in improving women's geographical representation. While efforts to recruit women from unrepresented and under-represented countries should be intensified, the goal of gender balance should be viewed on a par with the objective of equitable geographical distribution. The representative called attention to General Assembly resolution 51/226 of 3 April 1997, in which the Assembly had reaffirmed the goal of 50/50 gender distribution in the Secretariat by the year 2000. In promoting the goal of gender equality, ICSC had stressed the indispensability of a policy and commitment from the top, coupled with rigorous monitoring and accountability. The way forward lay not only in the development of new initiatives but also in implementing the policies and strategies already elaborated. Creative initiatives were required to fulfil the goal of gender equality by the year 2000. The representative welcomed the emphasis the Commission had placed in

mainstreaming a gender perspective in the overall human resources management strategy of the organizations, and called upon it to continue its examination of gender balance.

Discussion by the Commission

279. The Commission expressed its appreciation to the secretariat for the comprehensive, analytical report on this subject, which had facilitated its review. ICSC recalled that it had taken the lead on this issue since 1985, when it first issued a series of far-reaching recommendations covering (a) recruitment, including recruitment sources, targets and rosters; (b) work/life issues, including flexible working arrangements and spouse employment; (c) attitudinal issues, including training, mainstreaming and policy against sexual harassment; and (d) follow-up mechanisms, including monitoring, reporting and accountability. The Commission's work had moreover given impetus to and served as the basis for much of the work subsequently carried out by others in the system. In 1995, ACC had reaffirmed its strong commitment to ensuring that the advancement of women was a policy priority and had made recommendations in the areas of recruitment, work/life and attitudinal change similar to those advocated by ICSC. The Commission noted the statement by the Special Adviser to the Secretary-General on Gender Issues and Advancement of Women, expressing her appreciation to members of the Commission and to its secretariat for its leadership and commitment to advancing the goal of gender equality in the organizations of the common system.

280. In reviewing the rate of progress since its last report on the subject in 1993, the Commission considered that two of its recommendations had been crucial in bringing about change and producing the results that were before it: its insistence on the need for policy and commitment from the top, combined with monitoring and accountability. The Commission noted that there had indeed been progress over the past 12 years due to the considerable efforts of the organizations of the common system to improve the status of women. Women system-wide currently accounted for some 30 per cent of staff, of whom some 60 per cent, however, worked in non-substantive activities, mainly in administrative, language- and library-related fields. At the higher decision-making levels, P-5 and above, progress was less encouraging. Out of 2,990 posts system-wide, there was a total of only 479 women or 16 per cent.

281. The Commission considered that while it was important to credit the improvement that had taken place, there was also a need to analyse the rate of progress and determine its implications for the long term. Between 1984 and 1996, the proportion of women in posts subject to geographical distribution had risen from 18.5 per cent to 27.5 per cent, a 9 percentage point increase, that is, an increase of less than 1 percentage point per annum. In non-geographical posts, the increase was 7.6 percentage points. Between 1991 and 1996, the rate of progress was slightly better than in prior periods. In geographical posts, there was a 5.5 percentage-point increase. The share of women went from 22.0 per cent to 27.5 per cent, an increase of slightly more than 1 percentage point a year. In non-geographical posts, there was only a 2.4 percentage-point increase from 30.4 per cent to 32.8 per cent, which was less than half a percentage point a year. Based on a linear projection using the last two most recent data reference points, 1991 and 1996, a 50/50 representation in non-geographical posts would not take place until the year 2013, and in geographical posts not until the year 2018.

282. Turning to the higher grades, P-5 and above, where the glass ceiling had yet to be shattered, the Commission noted that there had been a 1 percentage-point increase in the distribution of women over the last five years; at that rate, it would take 44 years to reach 50/50 parity at the P-5 levels and above. The Commission emphasized that that analysis

was based on combined data from all organizations of the common system, and recognized that some organizations had much higher rates of progress. This was particularly true in organizations that did not have posts subject to geographical distribution and therefore did not have to balance the competing priorities of gender and geography. The Commission noted that although it appeared that women in project posts had increased by 11.1 percentage points, from 12.9 to 24.0 per cent, since 1991, the data was not entirely comparable since not all organizations that provided information for the last reporting period on project posts did so for this reporting period, and vice versa.

283. In reviewing the data related to the recruitment of women, the Commission noted that over the last four years, the recruitment of women system-wide was 30.8 per cent in geographical posts and 38.9 per cent in non-geographical posts. At levels P-5 and above, women accounted for 4.8 per cent of all recruitment. It was clear that more intensified efforts, which were part of a comprehensive recruitment policy, were needed. There was an obvious relationship between the recruitment rates and the data on nationality, which showed that representation according to regional grouping had changed little since the Commission's last review of this issue in 1985; women from Western Europe and North America continued to dominate the field. The Commission was aware that the regional groupings used as a basis for analysing the distribution and percentage of women by region of origin were the ones approved by the General Assembly, and that other regional groupings were in use, both in the United Nations and in the other organizations of the common system. The data currently available on nationality pointed to the need for increasing the number of women from the developing countries, in particular for making special efforts for underrepresented countries and countries with economies in transition.

284. The Commission reaffirmed the need for accurate and reliable statistics; these were essential for future strategic planning in this as in other areas. Members considered that a booklet containing, *inter alia*, the statistics reported in the secretariat's document would be useful both to the organizations and the Member States. It requested the secretariat to look into the possibility of publishing such a booklet, and to give it wide distribution on, for example, the ICSC home page.

285. The Commission noted that the issue of gender balance had to be part of an organization's overall human resources strategy, and that good management of human resources required that full attention be paid to the gender dimension. The Commission considered that it had moved far beyond the declarations of principle that had already been enunciated, and that its role was to support and analyse progress made. Gender balance had linkages to a number of other initiatives and efforts both inside and outside the United Nations system. These included work/life issues and career management/development. The Commission noted that the secretariat was tracking the gender balance issue, including work/life initiatives, through a database established for the purpose, which would enable the sharing of information and success stories among the organizations of the common system.

286. The Commission observed that the strategic objectives aimed at the United Nations, contained in the Platform for Action and the Beijing Declaration of the 1995 Fourth World Conference on Women, echoed recommendations made in the past by ICSC. These included a general call to United Nations agencies to eliminate barriers to the advancement of women and to accord greater priority to recruitment and promotion, in particular at decision-making levels, having due regard for the importance of recruiting on as wide a geographical basis as possible; and a specific request to the United Nations Secretariat to continue to accord priority to the recruitment and promotion of women in posts subject to geographical distribution, in particular in senior policy-level and decision-making posts, in order to

achieve the goals set out in various General Assembly resolutions, and to include gender-sensitivity training in all of its activities.

287. In considering ways to improve the situation, as called for by the General Assembly in its resolution 52/226, the Commission called attention to its previous recommendations; they had not lost their validity and practical ways to implement them needed to be pursued. As a means of ensuring that the issue of gender balance was brought into the mainstream of organizations at the policy and institutional levels, the Commission advocated the dissemination of the definition of mainstreaming provided by the Economic and Social Council. The Commission requested its secretariat, working in cooperation with CCAQ, to develop a draft plan for gender balance. The plan should concentrate on two areas: recruitment and accountability. With respect to recruitment, the secretariat was requested to develop a recruitment source database that targeted nationals from developing countries, particularly underrepresented countries and countries with economies in transition.

288. In addition, agencies would be requested to evaluate their recruitment pools to ensure that women with the requisite qualifications were being presented; Member States also carried an important responsibility in this regard. The Commission had noted the statement by the representative of FAO, which outlined the efforts of the current and previous Directors-General of FAO to increase the number of women, especially in high-level posts, and FAO's disappointment that Member States did not present enough women candidates in response to written requests.

289. The Commission considered that human resources planning, which was an important part of overall recruitment policy, should be part of this strategy. Furthermore, the Commission considered it important to find ways to increase accountability for those with decision-making responsibilities. It requested its secretariat, in consultation with the organizations, to develop a set of guidelines to support accountability.

Decisions of the Commission

290. In the light of the above considerations, the Commission decided to request its secretariat to:

(a) Issue a booklet containing, *inter alia*, recent statistical information and give it wide distribution, including making it available on the ICSC home page;

(b) Continue to maintain the gender balance database and to share the information with the organizations;

(c) Establish, in collaboration with interested parties, a database of recruitment sources targeting nationals of developing countries, with particular attention to nationals from underrepresented countries and from countries with economies in transition;

(d) Develop in collaboration with the organizations a set of guidelines for those with decision-making responsibilities to support accountability for ensuring gender balance.

291. It further requested the organizations to:

(a) Bring the Platform for Action adopted by the Fourth World Conference on Women at Beijing and the definition of mainstreaming and its principles, as contained in the secretariat's document, to the attention of all managers;

(b) Evaluate their recruitment pools to ensure that women with the requisite qualifications were being presented, *inter alia*, by Member States;

(c) Engage in human resources planning if they were not already doing so.

292. The Commission decided to revert to this matter in the year 2001.

C. Capacity-building for change management

293. Prior to its summer 1997 session, the Commission held a forum on new directions in human resource management at Glen Cove, New York. The objective of the forum was to strengthen the capacity of the common system to meet the needs and answer the concerns of all parties and to act as a catalyst for change. Key issues of the common system of the future were identified, of which four were perceived to be high-leverage/low-cost issues that could be accomplished within a reasonable time-frame. One of the topics, entitled "Managing diversity", was capacity-building for change management, which included strengthening intercultural synergies and creating a better appreciation of cultural and gender diversity in order to improve resource management in a multicultural environment.

294. The Commission considered a document that described the steps taken by the secretariat, in consultation with the organizations of the common system, to focus and develop the project. It also reviewed the broad outlines of two training/learning programmes for staff and managers that had been developed by a consulting firm and a compendium of "best practice" in three areas: the common system organizations, the public sector and the private sector. The compendium was a work in progress that would be updated as necessary.

Views of the organizations

295. The Secretary of CCAQ recalled how much CCAQ had enjoyed participating in the Glen Cove forum. The organizations of the common system were pleased that follow-up to the forum was beginning, and wished to know as soon as possible how the other topics raised in the course of the forum, which were reported on in the annex to the secretariat's document, were being developed. There was exciting potential for many of the areas raised in the annex, which were closely linked to the work that CCAQ had been carrying out on new approaches to human resource management and to the concerns raised by the General Assembly that more attention be paid to this important area.

296. CCAQ supported the development of a generic training module on the management of diversity. Problems had arisen regarding this issue; staff had experienced difficulties in communicating and working well with those from other cultures. Diversity was a strength on which change could be built. The United Nations Staff College was working on the development of a common culture for the United Nations system. It would therefore be appropriate that the pilot projects for the training learning modules on diversity be carried out in close cooperation with the Staff College.

297. CCAQ noted that the common system bulletin had been replaced by the *ICSC Newsletter*, and that a second edition of the *Newsletter* was currently in preparation. From the discussions at Glen Cove, CCAQ had understood that it had been decided that it would be helpful if ICSC could publish a set of fact sheets rather than a newsletter, which would help explain to Member States and others the reasoning behind some of the more complex allowances and entitlements. Particular reference was made to the fact sheets that FICSA had produced as an example. Thus, while the *Newsletter* might be a very good in-house vehicle, CCAQ did not see this as necessarily the best way to publicize the broad policy directions and strategies for which the Commission was responsible.

298. The representative of the United Nations voiced his Organization's strong support for the diversity initiative that had originated at the forum at Glen Cove and for the training/learning programmes. He recalled the favour with which the General Assembly had viewed this undertaking in its resolution 52/216. He echoed the views of the Secretary of CCAQ, citing problems which had arisen, *inter alia*, concerning gender and work/life issues. Management of diversity was a necessary undertaking for the organizations.

299. The representative of ICAO drew the Commission's attention to a workshop on diversity that had been held at ICAO, noting that the activity was mentioned in the secretariat's compendium of best practice. The organization had found the workshop most useful for its staff, despite the fact that Montreal was a duty station where a great deal of diversity existed also outside the organization. He was of the view that such training should be mandatory in orientation courses.

Discussion by the Commission

300. The Commission considered that there were many ways to manage change. This had been brought forth during the forum at Glen Cove. Managing diversity, in all its complexity, was one way. While it was true that globalization and the growth of multi-ethnic populations worldwide had presented a challenge to the international private sector, which for the past decade or so had been concentrating considerable resources towards developing a more diversified workforce, diversity was a given in the United Nations. Moreover, the management of cultural diversity in a system of organizations as culturally diverse as that of the United Nations might appear to some as superfluous. At the same time, the Commission was aware that cultural values caused differences in outlook, and that this intrinsic resource was not always optimized or managed to the system's advantage.

301. One of the purposes of the United Nations was to bring all peoples together with a greater appreciation for their diversity. Examples included ethnicity, gender, race, age and language. In its resolution 52/216, section III.G, the General Assembly had welcomed the Commission's initiative in organizing the forum at Glen Cove from which the current topic stemmed. Properly managed, diversity was a force that could create a common value system for the international civil service. A view was expressed that managing diversity did not represent a problem for staff in the United Nations system. However, others were of the view that according to the organizations, problems did exist and the organizations were in the best position to judge the situation.

302. The Commission noted that the secretariat had developed the training/learning modules for the use of the organizations. The Commission was of the view that their usefulness would best be determined by the organizations for whom they were intended. Some members of the Commission considered, based on the presentation, that it was difficult for them to evaluate the quality or validity of the modules, and that other approaches were also possible. However, they recognized at the same time that owing to time constraints, they had been presented with a broad overview of the programmes, and had not had the opportunity to benefit from an in-depth exposure to them. The Commission noted that the programmes had been tried out as pilot projects prior to the session by the New York-based organizations, which had reacted favourably to them. They also noted the description of the programmes as modular, flexible and up-to-date technologically, which permitted organizations to choose among the modules, tailor them to their individual needs and use them in whichever context was most appropriate for the particular organization. Moreover, the endorsement of the organizations for the training/learning programmes and the particular support of the United Nations for this initiative could not be overlooked.

303. The Commission found the "best practice" compendium on diversity interesting and a useful reference source. It looked forward to seeing included in it more examples from all parts of the world. It was also noted that some further examples on the subject from universities, research institutes and institutions of public administration in the developing as well as developed, countries should be included. Approaches to selected countries would enrich the compendium.

Decisions of the Commission

304. The Commission decided to note the work on the training/learning modules on managing diversity carried out by its secretariat in close cooperation with the organizations of the common system. It further noted the interest of the organizations in this topic and the priority accorded to it. It also noted that diversity was an asset and a force that facilitated the creation of a common culture and reinforced the moral values of the United Nations system.

305. The Commission requested the secretariat, in close collaboration with the organizations and the United Nations Staff College, to continue to refine the training/learning modules to ensure that they met the needs of the organizations.

306. The Commission further requested the secretariat to continue to seek additional information sources in the best practice compendium and include the experience, *inter alia*, of developing countries.

307. The secretariat was also requested to keep the Commission informed about further developments and the use made of the modules.

Notes

[1] *Official Records of the General Assembly, Fifty-second Session, Supplement No. 30*, (A/52/30/Add.1).

[2] See International Labour Organization, Administrative Tribunal, judgement No. 1776, para. 8.

[3] See *Official Records of the General Assembly, Fiftieth Session, Supplement No. 30* (A/50/30), para. 172 (b) (I) (f).

[4] Ibid., para. 172 (b) (I) (g).

[5] Ibid., *Forty-fourth Session, Supplement No. 30* (A/44/30), vol. II, para. 152.

[6] Ibid, para. 153.

[7] Ibid., para. 150.

[8] Ibid., *Fortieth Session, Supplement No. 30* (A/40/30), para. 113.

[9] Ibid., paras. 25 and 26.

[10] Ibid., *Fifty-second Session, Supplement No. 30* (A/52/30), paras. 63-102 and annexes VII-XIV.

[11] Ibid., *Forty-seventh Session, Supplement No. 30* (A/47/30, paras. 227 and 231 (xi).

[12] Ibid., *Fiftieth Session, Supplement No. 30* (A/50/30), paras. 343 and 344.

[13] See judgement 1713 of the Administrative Tribunal of the International Labour Organization (in re Carretta et al. v. FAO), consideration 14, first paragraph, 29 January 1998.

[14] See *Official Records of the General Assembly, Forty-eighth Session, Supplement No. 30* (A/48/30), para. 172 (c).

Annex I

Programme of work for 1999

1. Resolutions and decisions adopted by the General Assembly and the legislative/governing bodies of the other organizations of the common system.
2. Evolution of the margin between the net remuneration of the United States federal civil service and that of the United Nations system.
3. Base/floor salary scale.
4. Next round of place-to-place cost-of-living surveys: report of the twenty-second session of the Advisory Committee on Post Adjustment Questions.
5. Removal of housing from post adjustment.
6. Review of the basis for the dependent children's allowance for the General Service and other locally recruited categories.
7. Survey of best prevailing conditions of employment in Paris.
8. Human resources framework.
9. Ethics.
10. Job classification.
11. Programme budget for the biennium 2000–2001.

Annex II

Report of the Working Group on the Consultative Process and Working Arrangements

I. Introduction

1. Following upon decisions taken at its forty-fifth meeting (April–May 1997),[a] the Commission established a Working Group on the Consultative Process and Working Arrangements of ICSC. The terms of reference of the Working Group (see appendix I) were drawn up to reflect the views expressed by the Coordinating Committee for International Staff Unions and Associations of the United Nations System (CCISUA), the Federation of International Civil Servants' Associations (FICSA) and the representatives of the Consultative Committee on Administrative Questions (CCAQ). The list of members of the Working Group is contained in appendix II.

2. The Working Group met in New York on 14, 15, 16 and 19 January 1998. Representatives of the three parties served as Chair on a rotating basis, as follows:

Mr. W. Stöckl (ICSC)
Mr. D. Göethel (CCAQ)
Ms. M. Eldon and Ms. R. Waters (FICSA/CCISUA)

G. R. Smith, a Commissioner of the Australian Industrial Relations Commission, acted as Facilitator for the participants in their deliberations.

3. The Convener, Mr. P. Ranadive, opened the session, and all participants expressed gratitude for the work done by the secretariat in arranging the session.

4. The participants agreed upon an agenda comprising the following issues: preparation of substantive decision-making; decision-making by the Commission; general objectives behind the appointment of members of the Commission; and the role of the Executive Secretary and the secretariat, including selection and appointment. The full agenda is contained in appendix III. The Group agreed that its work would not be considered to have been completed until all four agenda items had been considered fully but understood that it might not be possible to consider the entire agenda in a single session.

Outline of discussions and conclusions reached

5. At the outset, it was made clear that both the staff representatives and CCAQ supported a technically competent, independent and impartial International Civil Service Commission, and that proposals advanced by them were advanced in an earnest desire to build upon and honour that statutory requirement.

6. For their part, supporting the above position, representatives of the Commission expressed the view that the active participation of the staff representatives and CCAQ was a central element of the Commission's work, and was important in ensuring that the views of the participants were considered when decisions were taken and recommendations were formulated on salaries and conditions of employment.

7. The participants agreed that various concerns expressed over time regarding the consultative process and working arrangements had been well documented, and that the approach of the Working Group would be to focus upon positive and constructive solutions.

8. It was agreed that in reporting on the issues discussed, the procedure would be to outline the substance of the debate in each matter and then record the conclusion. It was

emphasized that the report would not be an exhaustive record of debate but a focused summary of the matters that arose and the recommendations made.

II. Preparation for substantive decision-making

Identification of issues

9. In order to enhance the work of the Commission the Working Group discussed the need to deal with the process of identifying agenda items for the Commission. The Working Group agreed that it was important to provide for proper agenda management since the agenda was often overloaded, which led to insufficient time for proper consideration of the issues. The Working Group agreed that it was very important to take a proactive approach to agenda management, which was currently governed by rule 6 of the Commission's rules of procedure.

10. The Working Group agreed that:

(a) Adequate consultation among all parties should take place in the establishment of agendas, including the opportunity for participants to propose agenda items;

(b) A comprehensive work programme should be prepared and updated that would serve as a basis for the establishment of a yearly and sessional agenda. When the agenda was proposed for adoption, should any change be suggested, both CCAQ and the staff representatives would be consulted;

(c) Priorities and time-frames should be established to ensure that agenda items were considered and completed in a timely manner, which would also facilitate a more focused approach to the work of the Commission;

(d) Some agenda items could be included only to be taken note of, on the basis of information documents;

(e) In extraordinary circumstances, the Commission might need to consider holding a special session so that important work was not subject to inappropriate delay.

Implementation

11. It was against that background that it was agreed to recommend the following amended text for rule 6.1:

> "The Executive Secretary shall, in accordance with the statute and in consultation with the Chairman, members of the Commission, representatives of the executive heads and staff representatives, draw up an annual proposed programme of work and the provisional agenda for each session, identifying the key issues, in order of priority, in a manner that ensures the greatest efficiency in the management of the agenda."

Gathering information

12. There was general agreement that the process for gathering all authoritative information should be fully transparent and include all participants.

13. The Working Group agreed that:

(a) The secretariat, which was responsible, among other things, for gathering information, should ask all participants to comment upon the scope and type of information required as background to the decision-making process. All parties should be fully consulted

on the methods to be used. Where possible and practical, one or more members of the Commission who were designated for that purpose might be asked to contribute to the process;

(b) Where necessary, the participants should assist the secretariat in the information-gathering process, either at the invitation of the secretariat or at the request of the parties based upon interest and expertise. The allocation of work might also be delegated by the Chairman to outside contractors;

(c) Keeping in mind the question of confidentiality and in accordance with established methodology, there should be systematic feedback to the participants on data collected prior to its being analysed;

(d) The above agreement would be reflected in a rule of procedure.

Implementation

14. A new rule 8.1 would be inserted, to read as follows:

> "The secretariat shall consult with the members of the Commission and the representatives of the organizations and staff on all aspects of the information-gathering process, including the scope of the data and the methodologies to be used for their collection. On the basis of the data thus collected, the secretariat, following full consultations with all parties mentioned above, shall prepare the draft documentation for the first session of each year. This is to be made available to the participants, in all languages, at least 10 working days before their consideration. Issues or documents that have not been subject to the Working Group process will only be considered with the agreement of all parties."

The existing rule 8 would be renumbered as rule 8.2.

Discussion of the issues/reporting to the Commission

15. Those two items were combined and considered together. It was considered that a key aim in adopting a process should be to ensure that the Commission had before it a comprehensive examination and consideration of the issues, upon which it would make its final determination. In the view of the Working Group, the current approach did not always allow adequate input from the various participants, and as a consequence the members of the Commission, under those circumstances, were not being given the full range of views prior to reaching their conclusions.

16. It was critical, in the view of the Working Group, that decisions of the Commission were seen to be taken against the background of a substantive contribution by both the staff representatives and the representatives of CCAQ. That contribution would add further depth and enhance transparency.

17. The Working Group also agreed that it was essential that the Commission and its secretariat, the staff representatives and the representatives of CCAQ should be partners in preparing the material so that all perspectives were considered.

18. The Working Group adopted the following procedure:

(a) The secretariat would prepare a draft document on a particular subject matter after the identification and information-gathering stages had been completed;

(b) The draft document would be presented to the Commission at its first session in any given year. The Commission would then establish appropriate working groups, and that would be the basis upon which the Commission, CCAQ and the staff representatives

would review the issues. This would be seen as facilitating the subsequent decision-making process, where the participants were seeking to ensure that the best evidence and information was derived for the Commission's final decision-making role;

(c) The review of the issues would take place under a flexible system of informal working groups composed of members of the Commission, staff representatives and representatives of CCAQ. The scope and number of the working groups would depend upon the matter/s to be considered. It was agreed that the working groups would:

(i) Increase the capacity to cover a number of issues within a fixed time-frame and permit a more efficient use of resources;

(ii) Strengthen the consultative process by permitting greater dialogue and exchange of information in an informal atmosphere more conducive to achieving agreement;

(d) At the conclusion of the first session, the Commission would then convene and review the outcome/s of the working group/s, and where agreement had been reached within the working group/s then decisions might be taken by the Commission at that meeting;

(e) Where agreement was not reached at that meeting and following analysis and debate on the subject matter/s, the secretariat would prepare the final documents, in consultation with the Coordinator of the working group/s, which would deal with the relevant background information, the extent of agreement among the various participants and, where necessary, any divergence of views;

(f) The final documents, derived from the draft documents mentioned above, would then be presented to the Commission at its next session, in accordance with rule 8.2. It would be a matter for the Working Group as to who presented and explained the final document to the Commission;

(g) Against the background of the contributions made by all of the participants, the Commission would then take its decisions and adopt its recommendations;

(h) It was agreed that the above procedure would be reflected in a rule of procedure.

The above consultative and procedural concepts are demonstrated in the flow chart contained in appendix IV.

Implementation

19. A new rule 12.2 would be added, to read as follows:

> "For all key issues, the Commission shall establish joint working groups composed of members of the Commission, representatives of administrations and of staff bodies, at the first regular session each year. Draft documents prepared by the secretariat following the procedure outlined in rule 8 above shall form the background from which the Commission and the representatives of the organizations and staff, and/or the working groups established by the Commission, shall address the issues on the agenda. The outcome from the Working Group shall form the basis for decision by the Commission."

The existing rules 12.2 and 12.3 would be renumbered as rules 12.3 and 12.4.

III. Decision-making by the Commission

20. The Working Group reaffirmed that the procedures in rule 30 of the Commission's rules of procedure relating to decision-making should be fully and consistently applied. Those procedures placed emphasis on the need to reach consensus and for the Commission to act as a collective body, as stipulated by article 6, paragraph 1, of the statute. In the absence of consensus within ICSC, voting normally took place. In further addressing that question, participants considered the application of article 10 with reference to rules 21 (sessional reports) and 22 (annual reports and recommendations to the General Assembly).

Sessional reports

21. The sessional reports of the Commission were considered to be an important aspect of the concept of transparency. It was important for the reports to contain an adequate representation of the arguments advanced by both the staff representatives and CCAQ. Those arguments should then be reviewed together with the supporting rationales, which would lead to the Commission's conclusions.

22. It was agreed that those lines of reasoning leading to the final recommendations should be the only ones contained in the report. In accordance with rule 21.3, any divergent view should be presented before the closure of the session and appended to the report. It was agreed that a rule would be developed to deal with the matter.

Implementation

23. A new rule 21.1 would replace the existing rule 21.1, to read as follows:

> "The Executive Secretary shall prepare a draft report on the work of each session of the Commission, setting out, *inter alia*, any substantive determinations adopted by the Commission as well as the principal reasons therefor, including the views expressed by the representatives of administrations and staff, submitted for inclusion in the body of the report."

Annual reports to the General Assembly

24. In accordance with the General Assembly request that there be a reduction in the number and size of documents, it was agreed that reports of recommendations made to the General Assembly (rule 22) should contain only those statements cogent to the final recommendations.

25. Based on the above, the Working Group agreed that the format of the report to the General Assembly should consist of: (a) the background to the matter being recommended; (b) the decisions and recommendations of the Commission, and the reasons therefor; (c) whether or not decisions and recommendations were reached by consensus; and (d) the position of the staff representatives and CCAQ, where they differed from the conclusions of the Commission.

Implementation

26. A new rule 22.2 would be inserted in place of the existing rule 22.2, to read as follows:

> "The Commission shall submit to the General Assembly an annual report which shall include: the background to the matter being recommended; the decisions and recommendations of the Commission and the reasons therefor; whether or not the decisions and recommendations were reached by consensus; and the positions adopted

by the staff representatives and CCAQ, where they differ from the conclusions of the Commission. The report shall also be transmitted to the other governing organs through the executive heads, as well as to the Administrative Committee on Coordination, the Federation of International Civil Servants' Associations, the Coordinating Committee for International Staff Unions and Associations of the United Nations, the staff representatives and the United Nations Joint Staff Pension Board."

IV. General objective behind the appointment of Commission members

27. Agenda item 3 of the Working Group was dealt with in two parts. The first comprised three topics, namely, the maintenance of a high-quality, well-respected Commission; the members' qualifications, experience and term of office; and the process of recommendations.

28. In addressing those topics, members of the Commission made it clear that they did not wish to prevent the staff representatives and the representatives of CCAQ from expressing their views but that it would be inappropriate for them to participate in any recommendations. Further, members of the Commission were of the view that any consideration of those matters and any proposals to change the Statute were not within the terms of reference of the Working Group.

29. It was stated that the Commission had reached conclusions on the matter in 1991 and 1995.[b]

30. FICSA did not share the view of the Chairman in his assurance to the Fifth Committee that the statute itself provided for changes and therefore they could be considered; in fact, FICSA had decided to participate in the Working Group on the basis of its proposals for change, some of which required changes to the statute.

31. It was decided that the joint views of CCAQ and the staff representatives would be appended to the present report (see appendix V).

32. As to the fourth topic under the agenda item, the role of the Chairman and Vice-Chairman, members of the Commission adopted the same view stated in annex II, paragraph 28 above. However, it was recognized that that item did interact with agenda item 4, and in that connection the following matters were raised:

(a) The interaction between articles 8 and 20 of the statute;

(b) The impact or lack of impact of those articles on the responsibilities of the Executive Secretary;

(c) The impact or lack of impact of those articles on the material produced by the secretariat;

(d) The distinction that might be drawn as to whether directions by the Chairman applied to administrative priorities and conduct or to the technical responsibilities of the secretariat.

V. Roles of the Executive Secretary and secretariat, including selection and appointment

33. To begin, and in case the agenda item created a perception to the contrary, it was made clear that the Working Group respected the role of international civil servants who worked in the secretariat and recognized the complexity of their task. Further, it was stated that care

must be taken to ensure that all requests of the secretariat were consistent with the policies decided by the Commission.

34. All recalled that the secretariat of ICSC needed to be independent and have the highest standards of technical competence.

35. Against that background, three matters were raised:

(a) The need to further enrich the experience of persons within the secretariat;

(b) The role of the secretariat in preparing documents for consideration by the Commission;

(c) The selection and appointment of staff in the secretariat.

36. In considering the first matter, the Working Group believed that it was important for staff from the ICSC secretariat to gain experience in other areas of the United Nations system, and similarly, staff from other United Nations agencies should be seconded from time to time to work in the ICSC secretariat. It was agreed to recommend:

> "That as a part of career progression and training, the Working Group would encourage a continuing interchange between the ICSC secretariat staff and staff of other organizations within the United Nations system. This would add experience and refresh ideas for work performed in the secretariat. To facilitate staff movement within United Nations agencies, there should be agreement for proper release and return for both the secretariat and the participating agency."

37. The second matter related to the role of the secretariat in preparing documents for consideration by the Commission.

38. It was considered that the new procedures already agreed to in the earlier part of the present report would contribute significantly to the drafting of documents for the Commission. The establishment of working groups and the approach to be taken to their work would mean that a different method of reporting would need to be adopted.

39. Consistent with the proposed new rule 12.2 (see annex II, para. 19 above), where working groups are established, the secretariat should not be called upon to make recommendations. The following was agreed:

> "The secretariat, in its documents, should not be called upon to give recommendations on key issues unless it is a reflection of a working group agreement. Rather, the secretariat should be asked to present only relevant, technically competent data and various options and their implementation so that members of the Commission may make a decision on all material, including the views of the staff associations and CCAQ."

40. The final matter concerned the selection and appointment of staff of the secretariat. In that connection, consideration was given to the issues described below.

Linguistic balance in the secretariat

41. It was essential for the ICSC secretariat to be able to communicate efficiently with the members of ICSC, particularly when in session, and with the organizations and staff representatives throughout the common system.

42. To that end, the senior staff of the secretariat should be able to use any of the working languages of the organizations, namely, English and French or Spanish, depending on the organization. The knowledge of other official languages in the secretariat was certainly an asset but could not take precedence over the technical and management qualifications required for such positions.

43. In order to obtain such a linguistic balance in senior positions, vacancy notices for posts at the P-5 level and above in the secretariat should include standard linguistic requirements, or alternatively, a consultation mechanism should be established among all the parties concerned before the posts were advertised as far as linguistic requirements were concerned.

Appointment of senior staff

44. It was felt that the consultative arrangements (article 20 of the statute) on the appointment of senior staff in the secretariat had not always worked out as well in practice as had been intended, and had become somewhat mechanical in operation.

Search group

45. In addition to the vacancy announcement system and in a bid to strengthen the consultative arrangements for secretariat appointments, to allow for the broadest possible recruitment to the secretariat from both within and outside the common system and to improve and increase secondments from the United Nations and the specialized agencies, it was recommended that a search group for potential secretariat staff be created that would review increasing secondment on a short-term or long-term basis from the organizations to the ICSC secretariat and the creation of a roster of specialized expertise both from within and outside the common system. It would also be possible for staff representatives to propose candidates. The search group could be made up of the Chairman, the Executive Secretary and one member of ICSC, and the Chairman and Secretary of CCAQ.

Tripartite board on recommendations for appointment and promotion

46. With the same objective, one could consider the establishment of a tripartite appointment board (Commission/organizations/staff) to make recommendations, through a shortlist, for appointments to senior positions. It was on that basis that article 20 would be applied.

Restructuring the secretariat

47. Although top calibre staff could do much to maintain the technical excellence of the secretariat, there was nevertheless a need in any bureaucracy for a thorough forward-looking review of its structure and its appropriateness to meet the demands of today's world. To that end, it was recommended that in the light of new programme directives and technological changes, the structure of the secretariat be reassessed. Various ideas had been formulated over a number of years, and those ideas should be considered in any review. Furthermore, such change might also have an impact on the agenda of the Commission, the reduction through grouping of the number of documents and so on.

VI. The way forward

48. The Working Group had achieved a great deal and the progress made had been important in building confidence and trust. It was recommended that the Commission decide at its next session to formally adopt the proposals and changes to the rules already agreed upon by the Working Group.

49. It was emphasized, however, that the agreements reached by the Working Group constituted a package of measures arrived at after lengthy debate and that they could not be seen as individual measures that could be implemented in isolation. The adoption and

implementation of the decisions already agreed upon will be the starting point for change, and might facilitate the resumption of a cooperative partnership in the work of the Commission.

50. However, the representatives of both staff and CCAQ saw the resolution of matters raised under items 3 and 4 of the Working Group's agenda as being crucial to an effective long-term relationship. Those matters merited further consideration by the Commission and the General Assembly in the context of its review of ICSC.

51. In order to demonstrate the consensus reflected in the Working Group's report, it was agreed that the presence of the parties constituting the Working Group was essential when the Commission considered the present report.

Notes

[a] See *Official Records of the General Assembly, Fifty-second Session, Supplement No. 30* (A/52/30), para. 28.

[b] See *Official Records of the General Assembly, Forty-sixth Session, Supplement No. 30* (A/46/30), vol. II, paras. 31 and 32 and ibid., *Fiftieth Session, Supplement No. 30* (A/50/30), paras. 28–56.

Appendix I

Terms of reference of the Working Group on the Consultative Process and Working Arrangements[a]

1. The Working Group will:

(a) Be composed of 12 members, four representing ICSC, four representing the executive heads and four representing the two staff bodies;

(b) Identify the areas of discontent of the participating parties, review and make recommendations to address the concerns and possible measures to be taken to rectify the situation, in accordance with General Assembly resolution 51/216, section VII, paragraph 2, and the ICSC statute. If any areas are identified that require modifications or changes in the functioning of ICSC, its decision-making process, preparation and the organization of work, recommendations by consensus will be made to the appropriate body;

(c) Be chaired, on a rotating basis, by the three parties mentioned above (including one co-Chair for the staff bodies, as agreed between CCISUA and FICSA);

(d) Be assisted in its deliberations by a Facilitator from outside the system with experience in handling issues of this nature. The Facilitator will assist the Chairperson in conducting the discussions;

(e) Have a Bureau, comprising the three rotating Chairpersons and the Facilitator;

(f) Have its agenda drawn up by the Bureau by consensus;

(g) Reach its recommendations by consensus. However, if consensus is not reached on a point, the disagreement will be reflected in the final report;

(h) Possibly meet in New York with the following programme of work:

Days 1-3: Substantive discussions of issues on the agenda;

Day 4: Bureau prepares the draft report;

Day 5: Adoption of the report.

2. The Chairman of the Fifth Committee will be informed of the establishment of the Working Group. The Bureau of the Working Group may invite, in accordance with rule 38 of the rules of procedure of ICSC, members of the Bureau of the Fifth Committee.

3. The report of the Working Group will be reviewed by the Commission at its July 1997 session and by all parties. The comments made in the Commission will be attached to the report of the Working Group and forwarded to the General Assembly as an annex to the annual report of ICSC for 1997.

[a] Terms of reference as established following the forty-fifth (April–May 1997) session of the Commission (*Official Records of the General Assembly, Fifty-second Session, Supplement No. 30* (A/52/30), annex I).

Appendix II

Members of the Working Group on the Consultative Process and Working Arrangements

International Civil Service Commission

Mr. Mario Bettati, member

Mr. Wolfgang Stöckl, member

Mr. El Hassane Zahid, member

Mr. Carlos S. Vegega, member

Organizations

Mr. Jean-Patrick Baré, International Telecommunication Union

Ms. Jan Beagle, United Nations

Mr. Julio Camarena-Villaseñor, United Nations

Mr. Dieter Göethel, International Atomic Energy Agency

Mr. Charles Juge, Food and Agriculture Organization of the United Nations

Federation of International Civil Servants' Associations

Ms. Margaret Eldon

Mr. Walter Scherzer

Mr. Morton Satin

Coordinating Committee for International Staff Unions and Associations of the United Nations System

Ms. Rosemarie Waters

Ms. Cristina Mercader-Steele

Mr. Omar Abou-Zahr

Appendix III

Agenda of the Working Group

1. Preparation of substantive decision-making:
   (a) Identification of issues;
   (b) Gathering of information;
   (c) Discussion of the issues;
   (d) Reporting to the Commission:
      (i) Written;
      (ii) Oral.
2. Decision-making by the Commission:
   (a) Approach to reaching decisions;
   (b) Presentation of decisions.
3. General objective behind the appointment of Commission members, e.g.:
   (a) Maintenance of a high-quality, well-respected Commission;
   (b) Qualifications, experience and terms of office;
   (c) Process of recommendations;
   (d) Role of Chairman and Vice-Chairman.
4. Roles of the Executive Secretary and the secretariat, including selection and appointment.

Appendix IV

Flow chart for the consultative and reporting processes

Lead by	*Action*	*Comments*
1. Secretariat	Drafts list of all items proposed	
2. Secretariat	Consults with all parties on content and suggested priorities of agenda items	
3. Secretariat	Draws up (a) Immediate agenda (b) Longer-term agenda(s)	Some items might not need discussion and should be on the agenda only for noting
4. All parties	Agreement on 3 by end of January	
5. Secretariat	Consults for methodologies (including scope) on information-gathering	A member of the Commission may assist in this process
6. Secretariat	Information-gathering	The allocation of work may also include outside contractors
7. Secretariat	Preparation of drafts	
8. ICSC, CCAQ, staff	Consideration and first discussion of drafts	This to take place through a flexible system of working groups
9. Secretariat	Finalizes documents, including all views expressed	
10. ICSC	Final consideration of documents in 9 and decision	

Appendix V

Joint statement of the representatives of the administration and staff

1. The key factor in ensuring the Commission's competence, impartiality and independence – and in the final analysis its accountability – is its composition. Articles 3 and 4 of the statute of the International Civil Service Commission (ICSC) govern the selection/election of Commissioners and the Chairman and Vice-Chairman. Those articles indicate the competencies required of Commissioners (substantial executive responsibility in public administration or related fields, particularly in personnel management) and the requirement for appropriate consultation with Member States, with the executive heads of the other organizations and with staff representatives.

2. Over time, the selection/election process governed by articles 3 and 4 of the ICSC statute has evolved in a way that raises doubts as to whether the current process fully meets the requirements of article 3.1.

3. Essentially, the balance of the consultation process, involving the participation of all three parties (Member States, executive heads and representatives of staff) has gradually shifted towards the General Assembly, with less regard for the other two partners referred to in article 4 of the statute. In most cases, only one candidate is put up for each vacant seat, and each candidate is selected by Member States through their regional groups.

4. In view of the evolution of the field of human resources management, it would be desirable to define a set of competencies for Commissioners. In 1995, the Consultative Committee on Administrative Questions (CCAQ) developed and discussed draft criteria for the selection of members of ICSC (see attachment). The core competencies defined by CCAQ have been used as the basis for the proposals contained in the present statement, and would contribute to effective performance. A balance of the competencies among ICSC members would be highly desirable.

5. To enhance and revalue the consultative nature of the selection process, a number of steps are required to ensure that the views of all three parties – the Member States, executive heads and staff – are fully taken into consideration. While the General Assembly would maintain final decision-making power with regard to the appointment of Commissioners, the identification and proposal of candidates would be addressed in a transparent and participatory manner.

6. That could be achieved through a change to the current statute to require nominations from the three parties concerned. An alternative would be the creation of a consultative committee comprising the representatives of Member States, executive heads and staff with the mandate to identify and propose candidates for the Commission. The committee would ensure that there were at least three candidates for each vacancy on the Commission, and would draw up a shortlist based on a review of the core competencies required. A second alternative would be the timely preparation by the Administrative Committee on Coordination, in consultation with Member States and staff representatives, of a roster of candidates that would serve as the sole source of nominees for membership to the Commission.

7. In keeping with the spirit of renewal and to ensure that the competencies are kept up to date, the number of terms of service for Commissioners should be limited. Consideration should be given to reviewing the procedure for the appointment of the Chairman and Vice-Chairman, including the introduction of a deadline for the presentation of candidatures and the possibility of election by the Commissioners from among its members.

Attachment

Draft criteria for the selection of members of the International Civil Service Commission

In expansion of article 3 of the statute of the International Civil Service Commission, which sets out "recognized competence" as the first criteria for membership, the primary competencies required for effective performance are defined in terms of personal qualities – aptitudes and attitudes – as follows:

Primary characteristics	*Description*
Professional eminence	Has knowledge of a range of subjects in the social sciences, draws on fountain of experience gained through high-level service in public, private or academic institutions, is highly respected among peers for analytical and problem-solving skills and judgement
Integrity	Has high standards of honesty, professional and private activities are beyond reproach, ensures that no conflict exists or appears to exist between personal and professional interests and responsibilities to the international civil service, actions are congruent with what she/he says, keeps promises and honours commitments
International outlook	Is sensitive to diverse cultural patterns, races and religions and to gender, is independent from any government or external interest groups, is widely recognized as always observing fairness and impartiality in treatment of others
Communication ability	Effective speaker before groups and in one-on-one situations, listens to the views of others, remains calm and objective even when confronted with conflicting views
Strategic view/visionary	Has clear understanding of the objectives, policies and programmes of the United Nations system and of current and emerging global issues that have an impact on or influence the international public service environment, is proactive in seeking and assessing information and gaining new knowledge to deal with the demands of changed conditions, fosters innovation and adapts to change

Article 3 also specifies that candidates should have substantial experience of executive responsibility in public administration or related fields, particularly in personnel management. In applying article 3, the process should involve an assessment of a candidate's qualifications and experience as a secondary filter. No individual, however, will fit the picture perfectly. Thus, the "must-haves" should be separated from the "nice-to-haves". Moreover, past experience shows that effective members of the Commission have come from a wide range of educational and professional backgrounds. The examples below are indicators of the "substantial experience" mentioned in the Statute.

Types of experience

Managerial or leadership functions with a national civil service, including responsibilities for policy formulation, programme development and direction of several diverse organizational entities

Managerial or leadership functions with an international governmental or non-governmental institution, including responsibilities for policy formulation, programme development and direction of several diverse organizational entities

Executive function in a large private-sector enterprise, including responsibilities for policy formulation, programme development and direction of several diverse organizational entities

Broad experience in a university setting, including a leadership position in a recognized institution of higher learning, preferably having published a number of acknowledged studies

Experience in international remuneration comparisons and/or high-level policy-making positions in a national statistical office

Knowledge

Managerial or leadership experiences should include a knowledge of:

(a) Modern human resources management principles and practices;

(b) Current organizational and management concepts;

(c) International and global issues of the day – economic, political and social.

Annex III

Comparison of average net remuneration of United Nations officials from the Professional and higher categories in New York and United States officials in Washington, D.C., by equivalent grades

(Margin for calendar year 1998)

	Net remunerations		*United Nations/United States ratio (United States Washington = 100)*	*Weights for calculation of overall ratio*[b]
	United Nations[a]	*United States*		
Grade	*$*	*$*		
P-1	47 996	31 744	151.2	0.3
P-2	60 278	42 377	142.2	7.0
P-3	73 112	52 121	140.3	23.0
P-4	86 797	66 606	130.3	32.0
P-5	101 119	77 958	129.7	25.7
D-1	110 189	92 251	119.4	9.1
D-2	118 332	96 962	122.0	2.9
Weighted average ratio before adjustment for New York/Washington, D.C. cost-of-living differential				132.1
New York/Washington, D.C., cost-of-living ratio				115.1
Weighted average ratio, adjusted for cost-of-living difference				114.8

[a] Average United Nations net salaries at dependency level by grade reflecting two months at multiplier 47.0, eight months at multiplier 42.6 and two months at multiplier 45.9.

[b] These weights correspond to the United Nations common system staff in grades P-1 (D) to D-2 (D), inclusive, serving at headquarters and established offices as at 31 December 1995.

Annex IV

Salary scale for the Professional and higher categories: annual gross salaries and net equivalents after application of staff assessment

Proposed to be effective as of 1 March 1999

(*United States dollars*)

Level		I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
USG	Gross	151 440														
	Net D	104 662														
	Net S	94 190														
ASG	Gross	137 683														
	Net D	95 995														
	Net S	86 926														
D-2	Gross	112 824	115 311	117 797	120 283	122 768	125 256									
	Net D	80 334	81 901	83 467	85 033	86 599	88 166									
	Net S	73 801	75 114	76 427	77 739	79 052	80 365									
D-1	Gross	99 848	101 948	104 047	106 142	108 243	110 346	112 476	114 605	116 732						
	Net D	72 068	73 410	74 751	76 090	77 432	78 773	80 115	81 456	82 796						
	Net S	66 615	67 793	68 970	70 146	71 324	72 493	73 617	74 741	75 864						
P-5	Gross	88 099	89 975	91 875	93 775	95 674	97 571	99 471	101 371	103 269	105 169	107 067	108 966	110 878		
	Net D	64 545	65 759	66 973	68 187	69 401	70 613	71 827	73 041	74 254	75 468	76 681	77 894	79 108		
	Net S	59 963	61 075	62 142	63 208	64 273	65 337	66 403	67 469	68 534	69 600	70 665	71 730	72 773		
P-4	Gross	72 631	74 438	76 257	78 085	79 917	81 743	83 573	85 403	87 232	89 060	90 898	92 756	94 606	96 459	98 311
	Net D	54 516	55 701	56 883	58 066	59 251	60 433	61 617	62 801	63 984	65 167	66 349	67 536	68 718	69 902	71 086
	Net S	50 767	51 856	52 940	54 024	55 111	56 194	57 279	58 364	59 448	60 533	61 594	62 636	63 674	64 713	65 753
P-3	Gross	59 386	61 057	62 731	64 400	66 088	67 782	69 477	71 174	72 867	74 564	76 275	77 994	79 711	81 430	83 148
	Net D	45 777	46 888	48 001	49 111	50 224	51 335	52 447	53 560	54 671	55 784	56 895	58 007	59 118	60 230	61 342
	Net S	42 730	43 752	44 776	45 798	46 821	47 843	48 865	49 888	50 909	51 932	52 951	53 970	54 989	56 008	57 027
P-2	Gross	47 805	49 265	50 721	52 180	53 636	55 098	56 594	58 087	59 585	61 080	62 573	64 071			
	Net D	37 953	38 949	39 942	40 937	41 930	42 925	43 920	44 913	45 909	46 903	47 896	48 892			
	Net S	35 598	36 501	37 401	38 302	39 202	40 105	41 021	41 934	42 851	43 766	44 680	45 596			
P-1	Gross	36 422	37 791	39 157	40 525	41 891	43 258	44 627	46 018	47 418	48 820					
	Net D	30 044	31 001	31 956	32 912	33 867	34 822	35 779	36 734	37 689	38 645					
	Net S	28 341	29 222	30 102	30 983	31 863	32 743	33 625	34 494	35 359	36 226					

Note

D = Rate applicable to staff members with a dependent spouse or child

S = Rate applicable to staff members with no dependent spouse or child

This scale would be implemented in conjunction with a consolidation of 2.48 per cent of post adjustment. There would be consequential adjustments in the post adjustment indices and multipliers at all duty stations, effective 1 March 1999. Thereafter, changes in post adjustment classifications would be effected on the basis of the movements of the consolidated post adjustment indices.

Annex V

Staff assessment rates for the Professional and higher categories, for use in conjunction with gross base salaries

Total assessable payments (United States dollars)	*Staff assessment rates used in conjunction with gross base salaries (percentages)*	
	Staff member with a dependent spouse or a dependent child	*Staff member with neither a dependent spouse nor a dependent child*
First 15,000 per year	9.0	11.8
Next 5,000 per year	18.1	24.4
Next 5,000 per year	21.5	26.9
Next 5,000 per year	24.9	31.4
Next 5,000 per year	27.5	33.4
Next 10,000 per year	30.1	35.6
Next 10,000 per year	31.8	38.2
Next 10,000 per year	33.5	38.8
Next 10,000 per year	34.4	39.7
Next 15,000 per year	35.3	40.7
Next 20,000 per year	36.1	43.9
Remaining assessable payments	37.0	47.2

Annex VI

Recommended amounts of children's and secondary dependant's allowances for Professional and higher categories, for implementation as of 1 January 1999

(Local currencies)

Country	*Currency*	*Children's allowance*	*Secondary dependant's allowance*
Austria	Austrian schilling	28 256	10 438
Belgium	Belgian franc	70 189	22 448
Denmark	Danish krone	13 193	3 814
France	French franc	10 141	3 365
French Guiana	French franc	10 141	3 365
Germany	Deutsche mark	4 057	1 455
Ireland	Irish pound	1 145	375
Japan	Japanese yen	398 701	181 125
Luxembourg	Luxembourg franc	70 189	22 410
Monaco	French franc	10 141	3 365
Netherlands	Netherlands guilder	4 472	1 523
Switzerland	Swiss franc	3 364	1 499
United States and the rest of the world	United States dollar	1 730	619

Annex VII

Comparison of average net remuneration of United Nations officials from the Professional and higher categories in New York and United States officials in Washington, D.C., by equivalent grades, for the years 1987–1998

Year	*Margin*
1987	116.0
1988	112.9
1989	111.0
1990	117.4
1991	118.9
1992	117.6
1993	114.2
1994	113.0
1995	109.8
1996	114.6
1997	115.7
1998	114.8

Annex VIII

New York post adjustment multiplier and United Nations/ United States net remuneration margin calculation

Question: If (a) the United Nations common system base/floor salary scale equals the United States federal civil service scale, (b) the cost-of-living differential between Washington, D.C., and New York is 15.1 per cent, and (c) the net remuneration margin is 14.8 per cent, *then* the post adjustment in New York should be somewhere around multiplier 30 (i.e., total net remuneration amounting to 130 per cent of net base/floor salary). Why is the post adjustment for New York at multiplier 42.6?

Answer: The base floor comparisons are made using the net salary of a P-4, step VI staff member on the United Nations side and their counterparts at the GS 13/14 levels from the general schedule on the United States side. Special pay rates systems on the United States side which are taken into account in margin calculations are not reflected in the base/floor salary scale comparisons, nor are other equivalencies within the general schedule.

Consequently, the United States salary amount for staff in grades equivalent to United Nations P-4 step VI in Washington, D.C., used in margin calculations is ($66,606/$60,433) 10.2 per cent higher than the amount used for base/floor comparisons.

In view of the above, if an average United States civil servant at a grade corresponding to United Nations P-4, paid according to the general schedule, had a net annual salary of $100 per annum, then the average net remuneration (net base salary plus post adjustment) of a United Nations official at the P-4 level in New York could be arrived at as follows:

(a) Average net salary of United States civil servant	=	$100.0
(b) Adjustment for the difference between the general schedule and special rates systems (10.2 per cent)	=	$110.2
(c) Figure in (b) above adjusted for Washington, D.C./ New York cost-of-living difference (15.1 per cent)	=	$126.8
(d) A 13.2 per cent adjustment for the margin – the margin at P-4 level: 130.3/1.151 = 113.2 (see annex III)	=	$143.6

Consequently, the average net remuneration of a United Nations official at the P-4 level in New York should be approximately 43 per cent higher than the base/floor salaries.

Annex IX

Establishment of a single post adjustment index for Geneva: response by the Geneva-based organizations to the General Assembly's request in its resolution 52/216, section I.D, paragraph 3

I. Possibility for staff members of the United Nations system to reside in France

1. The possibility for staff members of the United Nations posted at Geneva to reside in France is subject to the legislation generally applicable to aliens who wish to take up residence in France. French legislation on aliens does not make any distinction between foreigners in general and those employed by the United Nations or other international organizations at Geneva. Staff members residing in France enjoy none of the privileges and immunities that they would enjoy under the relevant host country agreement with Switzerland, except for income tax on United Nations salaries.

2. French law makes a clear distinction along nationality lines: nationals from the European Union, the European Economic Area and some other countries (that is, Andorra, Monaco, San Marino, the Vatican) are as a rule entitled to take up residence in France (*régime spécial*), while all other nationals remain subject to the general rules (*régime commun*), as follows:

(a) **The common regime**. This is applicable to all nationalities (except (b) below). Its legal basis is the *ordonnance* 45-2658 of 2 November 1945 (with numerous amendments), governing the entry and sojourn of foreigners in France. Those rules are complex and subject to frequent change, and their interpretation and application remain largely within the administrative discretion of the heads of the departmental alien authorities and/or the *Préfet*. Proof of adequate income is essential, in addition to other documentation. Persons employed under short-term contracts (that is, of less than one year's duration) have been viewed as not satisfying the requirements for continuing means of support. The *préfectures* in the neighbouring French *départements* have repeatedly emphasized that permission for United Nations staff members to reside in France is not a matter of a legal entitlement; it remains within the domain of administrative discretion (*tolérance*). As a rule, *tolérance* is normally exercised in favour of United Nations staff members and their families (except short-term staff, see above). Experience varies between common system organizations, and even between different French *départements* and municipalities, as well as over time. Patterns of current practice clearly indicate that either certain nationalities are not allowed to take up residence in France or the administrative and bureaucratic hurdles are such that nationals from certain countries tend not to request it;

(b) **The special regime**. Pursuant to decree 94-211 of 11 March 1994, European Union nationals and their immediate family members may obtain a special residence permit (*carte de séjour*), normally valid for five years and renewable. They must show evidence of sufficient income, which is normally done with a United Nations employment certificate.

II. Travel to France

3. As a rule, travellers to France need a visa, except for nationals from most European countries, countries in North America and some Latin American and Asian countries. The list is subject to frequent change.

4. Nationals of certain countries (currently Afghanistan, Armenia, Azerbaijan, the Democratic People's Republic of Korea, Georgia, Iran (Islamic Republic of), Iraq, Jordan, Lebanon, the Libyan Arab Jamahiriya, the Sudan, the Syrian Arab Republic and Yemen) are, in addition to the entry visa, required to obtain an exit visa when leaving French territory. The issuance and renewal of visas is subject to the payment of fees. For certain nationalities, only single-entry visas are issued.

III. Transport of goods between France and Switzerland

From France into Switzerland

Swiss nationals and foreigners residing in Switzerland alike may import up to 100 Swiss francs (approximately US$ 80) worth of equipment or merchandise for their private consumption from abroad. However, maximum allowances for meat, vegetables, tobacco and alcoholic beverages are applicable. Controls are frequent. If a person is caught in contravention, fines can be very heavy.

From Switzerland into France

United Nations staff members residing in France and working at Geneva fall under the special border regime (*régime frontalier*), which allows importation of goods of up to 300 French francs (approximately US$ 50) per journey and person. In addition to border controls, French customs officials are entitled to search the private homes of border residents without a search warrant, regardless of the status of the staff member with the United Nations.

Annex X

Proposed amounts of maximum admissible expenditures, education grant, normal ceilings for boarding costs and those applicable for staff assigned at designated duty stations under the education grant system

Table 1

Currency	*Maximum admissible level*	*Maximum education grant*
Austrian schilling	167 310	125 483
Deutsche mark	30 777	23 083
Italian lira	21 830 000	16 372 500
Japanese yen	2 301 120	1 725 840
Pound Sterling	13 613	10 210
Swiss franc	23 435	17 576
United States dollar in the United States	20 748	15 561

Table 2

Currency	*Normal flat rate when boarding not provided*	*Additional flat rate for boarding (at designated duty stations)*
Austrian schilling	42 351	63 527
Belgian franc	113 176	169 764
Swiss franc	4 982	7 473
Deutsche mark	6 848	10 272
Danish krone	20 709	31 063
Spanish peseta	387 658	581 486
Finnish markka	12 828	19 242
French franc	16 320	24 480
Pound sterling	2 973	4 459
Irish pound	1 777	2 666
Italian lira	4 763 220	7 144 830
Japanese yen	525 930	788 895
Netherlands guilder	6 716	10 073
Norwegian krone	16 682	25 023
Swedish krona	20 615	30 922
United States dollar (in United States)	4 299	6 449
United States dollar (other than United States)	3 164	4 746

Annex XI

Working Group on Framework for Human Resources Management

Background

The Commission, in line with its responsibilities under articles 13 and 14 of its statute, and recalling General Assembly resolution 51/216 of 18 December 1996, in which the Assembly requested the Commission to take the lead in analysing new approaches in the human resources management field so as to develop standards, methods and arrangements that would respond to the specific needs of the organizations of the common system, decided at its summer session 1998 to form a Working Group with the terms of reference set out below.

Terms of reference of the Working Group on Framework for Human Resources Management

Objective

1. The objective of the Working Group is to propose to the Commission an integrated framework for human resources management that identifies the core issues and consists of a set of guiding principles and policies for the common system.

Modalities

2. The Working Group will use as a starting point ICSC document ICSC/48/R.5, "Framework for human resources management". Members of the Commission, CCAQ and the staff representatives will also be invited to submit documents. The reports of the Working Group will be directed to the Commission. Further modalities, including a time-frame and a working schedule, will be decided by the Working Group at its first meeting.

3. The Working Group may invite experts, as needed, from inside and outside the common system, thereby bringing together varied expertise to support its work and carry forward specific tasks.

4. The preparatory work on the priority human resources issues identified by the Commission at its summer (1998) session, i.e., job classification and ethics, will commence immediately; that work shall also be referred to the Working Group.

5. The Working Group will be assisted in its work by the secretariats of ICSC and CCAQ, in particular for the following:

(a) Technical advice;

(b) Preparation of reports and briefing materials;

(c) Coordination of its activities, including preparation of agendas;

(d) Consolidation of research and working drafts;

(e) Preparation of background and other material.

Venue and dates

6. All meetings of the Working Group will be held in New York. In order to be ready with a work plan by the time of the Commission's fiftieth session, it is proposed that a first meeting of the Working Group be held in February 1999.

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